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WEATHER DATA APPEAR ON PAGE 18

ESTABLISHED 1887

Budget, Farm Policy Disputes Mark Opening of EC Meeting

International Herald Tribune gences over hudgetary issues and a change in the Common Agricultural Policy marked the opening Mon-day of a European Community

It had been clear before the opening of the 10-nation conference that the negotiations would be difficult, and delegation sources said after the opening that the atmosphere had become "tense, heavier and more difficult."

Asked how the talks were progressing, Prime Minister Margaret Thatcher of Britain said, "It's tough going."
Conference sources said some

progress on negotiations to limit contributions to the EC hudget by Britain and West Germany had been reported shortly after the leaders arrived Monday afternoon. As the atmosphere became more tense, some EC leaders were hlaming Mrs. Thatcher for insisting on reducing her country's budget con-

"It looks as if Mrs. Thatcher has an extremely small will to make the necessary concessions," said Prime Minister Poul Schluter of Den-

On other EC issues, Mr. Schluter said "the British negotiating posi-tion is disappointing and very little

[A West German spokesman told Reuters: "The whole thing hinges on Mrs. Thatcher. She is completely unrepentant and inflex-ible." He quoted President Francois Mitterrand of France as telling Mrs. Thatcher, "I thought you had come here to make an effort."]

Failure to resolve the budget issue could bankrupt the EC later this year and lead to a weakening of political cooperation in Europe.

If the meeting succeeds, it could reinforce the determination of President Mitterrand and other EC

of cooperation in policies on indus- the German idea," a spokesmen try, defense and foreign policy. Mr. Mitterrand is president for

system of a rotating presidency. He budget of 25.3 billion ECUs, while is chairman of the two-day meet-

France submitted proposals last Friday providing for a mechanism to calculate EC budget contributions that would take into account ducing expenditures, Mrs. Thatcha country's relative per capita wealth, a key British demand.

er Monday that they generally wel-comed the approach, as well as an-component. British spokesmen said other French proposal aimed at limiting overall community spend-ing, they said Monday afternoon that Mrs. Thatcher considered the proposals "vague."

Mrs. Thatcher is seeking to reduce Britain's net contribution to between 400 and 500 million European Currency Units (\$340 and \$425 million). This would take into account Britain's total projected annual contribution to 1984 of 2 billion ECUs and a refund of 1.5 billion ECUs.

The refund would be double the amount Britain is seeking for 1983. But the French spokesman said we are still only talking principles, years. not numbers."

The payment of the 1983 refund is being blocked by France and Italy pending the outcome of negotiations on budget issues.

What conference sources described as "something of a British-German rapprochement" iovolved a proposal by Chancellor Helmut Kohl that West Germany's net contribution to the EC budget, now 2.4 billion ECUs, also be reduced in the future. He did not provide fig-

"Ours is a flexible approach, to leave the option open of reductions io future payments, if necessary." a spokesman for the West German delegation said

The proposal was welcomed by leaders to establish new programs Mrs. Thatcher. "Britain supports trial policy."

BRUSSELS — Wide diversix months under the community's the only net contributors to the EC the eight other members are net recipients. France is expected to become a net contributor if Spain ioins the EC.

> But the crucial condition for reer has emphasized, is limiting farm ealth, a key British demand. spending, which represents more while British officials said earlicomponent. British spokesmen said that the draft proposal to limit outlays before agreeing on annual pay-ments was excellent. One of the key problems raised

Monday was that a plan to limit dairy productinn will add at least 550 million ECUs to the 1984 farm bill of 16.5 billion ECUs. . It was not immediately clear how the leaders would handle the refusal of Ireland, a major EC dairy

producer, to go along with the pro-posal outlined Saturday. Garret FitzGerald, Ireland's prime minister, said Ireland would seek to increase milk production by 40 percent during the next five

Some delegation sources said that if no compromise were reached it could lead to a weakening, and possibly a collapse, of the dairy proposal.

"It will be a Monday night of considerable talking and negotiat-ing on most of the key issues," an EC Commission source said.

In a related development, the confederation of EC industries strongly urged the EC leaders to accelerate efforts to cooperate in modernization of industry.

Before a meeting with Mr. Mitterrand, Guido Carli, president of the confederation, said that even if the ministers failed to agree on agriculture and finance, there was



Prime Minister Margaret Thatcher of Britain took her place opposite President François Mitterrand of France, right, for the opening Monday of the European Community summit in Brussels. Next to Mr. Mitterrand is his external relations minister, Claude Cheysson.

Honecker Is Viewed as Prime Mover As 2 Germanies Improve Relations

By Henry Tanner International Herald Tribune

BERLIN - The prime mover behind events that have improved relations between East and West Germany and led to a proliferation of contacts between leading figures on both sides is the East German leader himself, Erich Honecker.

Among other things, in a phrase now used with approval by West German leaders of both left and right, Mr. Honecker has spoken of community of responsibility ohligating the two Germanies to make special efforts for a reduction of East-West tension.

But West German commentators question the extent to which Mr. Honecker is executing Soviet poli-

cies and how much his moves are raphy and history. He stressed that dictated by specific East German Mr. Honecker's task was to assure

Against this background, an influential member of the Communist Party leadership to East Germany, in a rare conversation recently, gave his views on some of

The official said that Mr. Honecker was pursuing a policy that was in the "specific interest" of East Germany and therefore perhaps different from the policies of other East European countries. But he said that Mr. Honecker had always made it plain that he agreed with the overall strategy of the Warsaw Pact and was fully committed to it.

The party official said that there was no contradiction in this, noting that it was obvious that East Germany was living in "specific conditions" that were the result of geog-

to each other about the future, we may find ourselves talking to each other to Valhalla," he told a visitor. 'We don't have to love each other, but reason and realism tell us that the only way for both of us to live is in peaceful coexistence."

He repeated Mr. Honecker's phrase of a "community of responsibility." saying that because they live on the East-West dividing line, the two Germanies have a vital common interest "to work for a resumption of East-West negotiations on questions of control and (Continued on Page 2, Col. 5)

the well-being of 17 million East German citizens and insisted that he had no need to consult Moscow nr any other of his allies every time he made a move in keeping with these specific toterests. "If we Germans don't talk now

against Mr. Meese unless questions

U.S. Investigates Meese Dealings; **Hearing Put Off**

Compiled by Our Stall From Dispaiches WASHINGTON - The Justice Department has opened an investinion into financial dealings of Edwin Meese 3d, the presidential counselor, and Mr. Meese has asked far a postponement of Senate hearings on his nomination to be attorney general

Senator Strom Thurmond, the South Carolina Republican who is

The White House staff is still not running smoothly, administration officials say. Page 4.

chairman of the Senate Judiciary Committee, granted Mr. Meese's request for a postponement.

Mr. Meese had been scheduled to testify at a second round of hearings set to begin Tuesday before the

In an announcement Sunday evening, the White House spokes-Larry M. Speakes, said that Mr. Meese acted after being notified that the Justice Department had decided to start a preliminary investigation under the Ethics in Government Act of 1978. The in-

The investigation could lead to appointment of an "independent

quiry relates to a loan that Mr.

Meese had failed to declare as re-

counsel," or special prosecutor. Mr. Speakes said Sunday: "The president stands solidly behind the nomination and the president approved the request by Meese for a delay to the hearings."

The announcement came as Senator Joseph R. Biden Jr. of Delaware, who is the ranking Democrat on the committee, said he and a majority of the other committee members would prohably vote

about his "integrity" were cleared

One Republican committee member, Senator Charles McC. Mathias of Maryland, said Monday that the Justice Department inquiry would hurt Mr. Meese's chances of confirmation.

"The attorney general must be perceived to be absolutely above any suspicion." Senator Mathias said in a television interview. "And it's going to be a tough job to make that kind of a clear and unblemished record for Ed Meese as a result of all of these investiga-

Asked what he thought the effect would be if the department did name a special prosecutor, Senator Mathias said that, "at some point the president has to take account of what the political fallout is and to make some sort of a judgment on his own behalf, and I think that would be the point at which that judgment would made."

The Senate minurity leader. Robert C. Byrd of West Virginia announced Monday that he would vote against Mr. Meese's confirmation, saying: "He's in trouble."

The Senate Republican leader. Howard H. Baker Jr. of Tennessee, said he had "not seen anything that would remove my support for

Senator Byrd particularly criticized the FBI lor not finding the loan when it conducted a routine background check on Mr. Meese and said he would introduce legislation to revamp the system for checking out presidential nominees, giving more responisibility to the iodependent Office of Government Ethics.

In his letter, Mr. Meese said: "I (Continued on Page 2, Col. 3)



Walter F. Mondale, left, Gary Hart and the Rev. Jesse L. Jackson laugh during a televised debate in Chicago.

Mondale Expected to Win Most Illinois Delegates

Compiled by Our Stopl From Dispatches the blacks interviewed. These identified with dropout candidates, son said his campaign had brought CHICAGO — Senator Gary results were based on interviewing but Mr. Mondale has a full slate of him to the "apex of the triangle" in Hart appeared to hold a narrow Wednesday through Saturday and lead in popularity over Walter F. therefore did not reflect any impact Mondale in Illinois on Monday, of the weekend's caucuses and prithe eve of the state's crucial primary election, but Mr. Mondale had Sunday night. Since many surveyed the edge in the contest for the said they had not been following state's delegates to the Democratic the race closely, such events and nominating convention.

The primary here Tuesday will be the niggest trophy so far in the

Senator Hart's congressional record shows his top concerns are defense and energy. Page 4.

Democratic presidential campaign, with 171 of the state's 194 Democratic delegates at stake. The outcome of the voting may well be determined by 11th-hour develop-

There will also be voting Tuesday in Minnesota, where Democratic caucuses start the process that will eventually determine which candidates get the 75 piedged delegates among the state's 6-member delegation to the national convention. Mr. Mondale is heavily favored to claim a homedate victory, although final results are not expected for several days.

The spotlight shifted to Illinois Monday after the higgest week of the campaign so far - 15 state primaries and caucuses and a handful of special contests — in which Mr. Mondale bounced back from losses in New England by winning seven of the states and doubling his delegate margin over Mr. Hart. By Monday he had 525 delegates to

Mr. Hart's 317. A Washington Post-ABC News poll in Illinois showed Mr. Hart leading Mr. Mondale, 40 percent to 35 percent, among people who dearihed themselves as certain to vote. The Rev. Jesse L. Jackson pect of the Sudanese situation. wailed, with 16 percent overall, but with support from more than half gence information left no doubt

mary or a candidates' debate here other campaigning could have a major effect on the outcome.

Mr. Mondale is favored to take most of the delegates in Illinois Tuesday even if Mr. Hart wins the popular vote, because delegate selection and candidate preference are two different elections.

Mr. Hart's chances of winning

are favored in at least two Chicago mer. districts.

to within striking range of the two leaders. In Sunday night's debate, the three Democratic presidential survivors, clashed over civil rights, Chicago politics and "new ideas," Mr. Hart's campaign theme.

"In the race for new ideas, I

116 district delegates, most of them the presidential fight, assuring that well-known political figures. Unpledged delegates loyal to Chica- for granted when the Democratic go's mayor. Harold Washington, Party selects a nominee this sum-

As for Mr. Jackson, the black ed at President Ronald Reagan. activist whose home base is Chica- whom Mr. Mondale called "one of go, the poll tended to find him the most gifted baloney artists in

evidence of the new ideas he had brought to the campaign.

the contest for delegates were crippled when his fledgling campaign failed to file more than 42 delegates. He has "adopted" 35 others

"In the race for new ideas, I putting specific ideas in the public arena," Mr. Hart said, "knowing full well that your opponents can take a shot at it." (WP, UPI, AP)

There were several barbs directinching ahead day by day, but not modern history."

The highlight of the televised 60-

minute debate came when Mr. Hart handed a copy of his book, "A New Democracy," to Mr. Mondale as "Leadership is taking the risk of

Jewish organizatinn.

Is Meeting Opposition word of honor was at stake.

U.S.-Jordan Missile Deal

By John M. Goshko

Washington Past Service WASHINGTON -- Secretary of State George P. Shultz and key Senate Republicans are reportedly urging President Ronald Reagan to drop the proposed sale of shoulderfired anti-aircraft missiles to Jor-

But Mr. Reagan, citing a promise Larry M. Speakes, said Monday to King Hussein, has rejected the that the administration intended to advice, administration and con- press ahead with the sale. gressional sources said Monday.

The sources said that congressional indignation caused by King Hussein's criticism of the United States last week was expected to result to legislation barring the ad-ministration's plan to sell 1,613 Stingers valued at \$133 million.

The sources said Mr. Shultz and Republican congressional leaders have told Mr. Reagan that attempting to go ahead with the sale was congressional Republicans. likely to end in an embarrassing defeat

They also warned that the fallout from a hruising congressional fight could damage the administration's plans to get Congress to agree to spend \$220 million to create a Jordanian strike force for use in the Gulf and to sell 1,200 Stingers worth \$140 million in Sandi Ara-

The sources said Mr. Reagan has been reluctant to follow their advice despite the fact that King Hus-sein accused the United States of having a one-sided bias toward Israel only a day after the president risked the anger of Jewish voters in the United States by supporting the arms sale to Jordan in a speech to a

The sources said Mr. Reagan. who promised to provide the Sting-ers when Hussein visited the White

House last month, believed his

The sources said the president's disposition was not to withdraw the sale notification sent to Congress on March I aid instead to let Congress take responsibility for halting the transaction.

The White House spokesman.

In response to King Hussein's warning Sunday that he was pre-pared to turn to other arms suppliers including the Soviet Union, Mr. Speakes said: "It is reasonable to assume that were he not to get arms here from the United States he might logically feel he should go

The White House position has not been received favorably by are unenthusiastic about heing forced into a public debate over aid to Jordan during an election year.

Bob Packwood, Republican of Oregon, calling on Mr. Reagan to reconsider the sale, has been signed hy more than 40 senators. Congressional sources said Sena-tor Packwood probably would have

A letter circulated by Senator

more than 50 signatures, which is a a majority of the Senate, by the time he makes the letter public later this week. In a newspaper toterview last week, King Hussein said that U.S. hias toward Israel had caused him

in lose faith in the Reagan's administration's ability to advance the Middle East peace process. The harshness of his remarks shocked the administration, which

had been hoping to coax King Hus-

John Kifner



Kevin Ruane

Poles Question Reporters On Links With Lawyer

By Dan Fisher

Los Angeles Times Service WARSAW - Two Western correspondents were questioned at Warsaw police headquarters Monday about their lovolvement with a Polish defense attorney who is accused of slandering the state.

Kevin Ruane of the British Broadcasting Corp. and John Kilner of The New York Times said they had declined to answer questions regarding the lawyer, Wladyslaw Sila-Nowicki, on the principle that journalists have to protect the identities of their

Mr. Kifner, 42, said he was warned that be was subject to Polish law, which provides for a prison term of up to five years for refusing to answer investigators questions. He repeated his refusal after the warning.

It was not immediately clear whether the authorities would pursue the matter. Both journalists were released after brief sessions Monday — Mr. Ruane after two hours and Mr. Kifner after one hour at the Interior Ministry.

an attempt to intimidate Western newsmen generally and to discourage dissident Pules from giving them information.

Both men reported last month on an open letter from Mr. Sila-Nowicki to the Polish leader. General Wojciech Jaruzelski, in which the 70-year-old lawyer accused the authorities of flouting the system of iustice in their handling of three related and highly sensitive political cases.

The authorities subsequently announced that Mr. Sila-Nowicki was under investigation for slanderous statements which harmed Polish state interests.

An Interior Ministry interrogator asked both journalists Monday how they had come into possession nf the letter. "I said that as a journalist I could

not reveal my sources," said Mr. Ruane, 51. "They didn't seem to dispute that at all," he added. Mr. Kifner said he refused to

answer a similar question as well as others related to his contacts with the attorney. "I respectfully declined to answer due to my newspaper's policy of protecting sources." Mr. Kifner said. He added that the interrogat-

ing officers reminded him that refusal to answer questions was punishable by up to five years' imprisonment but did not press the point A former adviser to the sincebanned Solidarity free trade union movement who spent 10 years in prison after the postwar Commu-

nist takeover of Poland, Mr. Sila-

Nowicki has made a career of defending people accused in political His letter, addressed to the Polish leader. General Woiciech Januzelski, was the sharpest public charge yet of attempts to cover up official responsibility for the death of Grzegorz Przemyk. 19, who died

detained by police last May. The questioning of the two journalists was seen as the most serious move against Western newsmen by the Polish authorities in more than

of injuries suffered after he was

U.S. Sends AWACS to Help Sudan's Forces After Air Raid

By Bernard Gwertzman

New York Times Service WASHINGTON - The United States has dispatched two AWACS surveillance planes to Egypt to boister air defenses to Sudan against a repetition of Friday's air raid on the city of Omdurman, administra-

tion officials said. The officials said Sunday that the action was authorized by President Ronald Reagan after Washington received a joint request from Egypt and Sudan, which have a defense treuty.

The dispatch of the AWACS planes was carried out in secrecy. Neither State Department nor Defense Department spokesmen were permitted to comment on any as-American officials said intelli-

in Kufra, Libya, had carried out the agency said that ambassadors from attack, which was apparently all African countries had been told Libya. The Libyans denied they station. The bombs missed the sta- to win Washington's support tion and its transmitter but hit nearby buildings including one belonging to the station. Five persons were killed to the attack. The plane,

officials said, took off and landed at Kufra. Sudan's president, Gaafar Nimeiri, has also accused Libya of staging the raid and of providing assistance to an insurgent movement to southern areas of the country. Lihya has been accused to the past of plotting against the Nimeiri government, and U.S. AWACS planes have been sent to the region twice in the last 13 months because of concern over Libyan activities.

The official Libyan press agency

that a Libyan Air Force plane, a denied Sunday that a Libyan plane No attack ever took place, and TU-22 bomber based at an airfield had attacked Omdurman. The American officials credited the aimed at the main Sudanese radio that Sudan had invented the charge had planned any such action. against the insurgents.

The United States has been to touch with Egypt in recent days to coordinate moves. The two sides

agree, officials said, that Egypt should take the lead in Sudan in view of its historical ties to the country that controls the Upper Nile and of the defense pact, which is directed largely against Libya. In February 1983, after intelligence reports of a Libyan plan to bomb Khartoum and to forment an internal insurrection, the United

Last August, Libya, whose forces

control the northern part of Chad, supported renewed attacks by rebel forces in Chad against the government of President Hissène Habre. Two surveiliance planes were sent to Egypt and two to Sudan during

The AWACS, whose full name is Airborne Warning and Control Systems, is a converted Boeing 707 bearing large radar disks on top of the cabin. In addition to keeping track of all planes in the vicinity, it States sent four AWACS planes to can direct fighter jets to intercept Egypt at the same time as a carrier enemy aircraft.

in the Mediterranean was diverted Officials repeated Sunday that to international waters near Libya. the United States had no intention

of intervening in the civil conflict in Sudan, which has resumed after a decade of relative calm. The conflict involves the predominantly Moslem north, which runs the government, against elements in the Christian and animist south who seek independence or more autono-

The fighting reportedly started last fall when President Nimeiri sought to impose Islamic law on the entire country and to weaken the political force of certain tribes in the south through the creation of new provinces totended to disperse their strength.

■ Sudan Requests UN Meeting Sudan called Monday for a meeting of the United Nations Security Council to condemn what it described as Libyan aggression, Reuters reported from Cairo.

INSIDE

■ In El Salvador, an election speciacle attracted a crowd for Roberto d'Aubuisson. Page 3. A Hindu festival turned into a

BUSINESS/FINANCE ■ The prime rate was raised by many U.S. banks to 111/2 per-

pand its U.S. trade. Page 9. SPECIAL REPORT

TOMORROW

pretext for the harassment of women to India.

> cent from 11 percent. Page 9. ■ China said it wanted to ex-

> ■ Part II of a two-part special report on the Japanese economy today.

■ China's state airline is trying to overcome its reputation for surliness, incompetence and



Insiders Write About a City of Kickbacks and Scandal

By John Vinocur New York Times Service

NICE — For a gorgeous city, people talk badly about Nice. For a place whose bay shines with a dozen gradations of blue, for a town where the early morning smells are still of flowers and the sea, the line on Nice can be hard.

Nietzsche, who lived here a century ago, spoke cruelly of the city, the locals recall, describing the citi-zenry as rapacious. Tobias Smolett, the Scottish onvelist, they remember, gave Nice low marks as well. Graham Greene, who has a house nearby, brought things up to date a few years ago, writing an accusatory pamphlet in which City Hall, the police and the Nice establishment came off as crooks and thugs.

Until recently, most of the complaints were made by "foreigners" from up north, people said bere to be so rigid, so frozen of spirit as to mistake Mediterranean tolerance, solidarity and pace for plutting, or ss, or sloth. When they could, the Niçois would strike back: The plaque at Nietzsche's house, now a cut-rate furniture store, describes him as a "tormented genius" just passing through.

In the past two years, something has changed. Two books, written by men who have spent all their lives in Nice, have appeared, insid-ers' viewpoints that find the city who embezzled \$50,000: no arrests, corrupt, maddening and now on

Nice's philharmonic orchestra, its growing university, a new convention center, don't count much. The argument is that Nice is a rich Naples, a city of kickbacks and

By David B. Ottaway

Washington Post Service

a compromise formula Monday to avert the appearance of total fail-

ure of their national reconciliation

talks that were deadlocked over the

issue of a new power-sharing for-

the departure of former President

Suleiman Franjieh, a Maronite

Christian, from the Syrian-backed opposition National Salvation

Front because of disagreements

After eight days of intensive dis-

wearying rapidly, and the Druze leader, Walid Jumblat, said that a

kind of "rubbish compromise"

containing "vague promises" of fu-ture constitutional changes was in

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with his Moslem allies.

The picture was complicated by

LAUSANNE, Switzerland -

Chinatown-like tongs that battle spokesman of the Socialist govern-among themselves, kill each other, ment in Paris, pushed the theme but resolve their disputes by their one of the book's statistical analyses, there is more crime per inhabitant between La Promenade des Anglais and the hills behind the city than in New York or Chicago.

The cumulative effect is that the old sunshine words associated with Nice are being replaced; in the cur-rent issue of French Vogue for Men, an article describes a celebrity as dressing as vulgarly "as a Nice

The hard lonk at the city extends even to La Baie des Anges, the magnificent sea crescent that is Nice's rim of blue, ft's no Bay of the Angels with a celestial connection, according to Michel Franca, co-author of one of the muckraking books, but a body of water literally named after a local fish - a member of the shark family.

Nice's defense now is to admit its troubles, but to revel in its contradictions and to relish telling the outsider that he will not easily understand how things work here. Don't complain, don't explain: That is the firmest local rule.

A law enforcement official, recently transferred to Nice, tells a no charges, the money is quietly replaced. An official of a cultural festival, be goes on, defrauds another large sum. His friends "handle the problem."

In an election campaign here, Max Gallo, the son of a Nice con-

Franjieh Leaves Opposition Front

As Lebanese Peace Talks Stagnate

"If it's a compromise for the sake

ready, even if its a rubbish compro-

mise," be said. "I'm not going to be

one of the two main Moslem mili-

tias, said that he was ready to abide

by a new cease-fire if the Christian

It was not clear whether the Shi-

ite Moslem Amal militia leader,

Nabih Berri, another main opposi-

tion leader, would accept the pro-

posed deal. The proposal, as out-

lined by Mr. Jumblat, seemed to

other than a commitment in princi-

ple to more radical change in the

tian leaders met again in a plenary

session late Monday night in a final

attempt to agree on the wording of

President Amin Gemayel, the

ending Lebanon's system of dis-

tributing top government positions

The issue of whether to do away with or modify the system in which religious sect determines the distri-

budon of the major pobitical posts

has been the main dispute between

Christians and Moslems at the con-

ranks of the opposition.

Mr. Franjich broke with his two
Moslem colleagues in the National

Salvation Front, former Prime

Minister Rashid Karami, a Sunni

Moslem, and Mr. Jumblat, over

Mr. Franjich said be regarded

the opposition front as dead and

criticized Mr. Karami and Mr. Jumblat for not keeping the agree-

the proposed final conference ported.

militia also agreed to it.

Mr. Jumblat, who commands

ed to accept them.

an obstacle.

Lebanon's factional leaders sought of saving more lives, then I'm

cussions, all parties seemed to be give Mr. Berti little to take home

"tout s'achete, tout s'arronge," own private standards in a way that meaning that in Nice everything is makes Nice the inevitable loser. By ranged. Mr. Franca, a friend of Mr. Gallo, says with hindsight that he is not sure the tone was exactly right since the Socialists lost heavily in last year's municipal election.

"The Niçois is a booster in a funny way," he says. "Tell him the town is corrupt, and he'll say 'Sure' and then insist that it's a special Nice kind of corruption that isn'r really corruption and that no out-sider will be capable of understand-

There are clans within clans overlapping other clans, and none of the clans matter if the issue is Nice and old friends. For the prefect of police, Etienne Ceccaldi, appointed to Nice after 12 years as a prosecutor in Marseille, the interocking groups here form an enclave, tighter and more secretive than any he had known before.

"If f talk to you about La Ca-morra," said William Caruchet, a Nice lawyer, "then your face goes all white because you think I'm talking about some Mafia like they have in Naples, something suspect, criminal. No, it doesn't mean that to Nice people. Here, it means our kind of solidarity, a certain comprehension of things. It's a kind of establishment, ft means, 'He's from Nice, he's one of us.' "

yer and a member of the Communist Party, the president of the Po-lish-French Friendship Society and the attorney in France of the Iraniconstruction scandals, a place of struction worker and now the an government, which executes Ira-

the making, and that he had decid-ment the three had struck prior to Routed Rebels

the Lausanne conference regarding

But he still refused to align him-

self formally or meet with the two

Maronite delegates, the Phalangist Party leader, Pierre Gemayel, Pres-

ident Gemayel's father, and former

the two Christian leaders drew up

their final positions Monday and

submitted them to President Ge-

mayel and Vice President Abdel-

Halim Khaddam of Syria, who is

playing the role of chief mediator

It was on this basis that Mr.

Gemayel then submitted his draft

of the conference statement that

was expected to be made public in

Three persons were killed and 38

Police said the casualties took

place in overnight fighting along

In Czechoslovakia

VIENNA - Czechoslovak uni-

versity students and some munici-

cized a decision to station new

Soviet missiles in their country, emigré sources said Monday.

Letters of concern about the de-

ployment also continue to appear

in government-controlled newspa-

pers, according to the sources, who

are in regular contact with dissi-

dents in Czechoslovakia. Czecho-

slovakia pledged last year to accept

Soviet nuclear missiles on its soil in response to NATO deployment of new missiles in Western Europe.

In another recent protest, the

source said university students

wounded in and around Beirut

Monday, The Associated Press re-

at the conference,

The five Moslem and four Chris- Beirut Fighting Continues

conference chairman, was circulating a new draft that, according to East and Moslem West Beirut and

one report, left out any reference to in artillery altacks on residential

according to religious affiliation except for lower-ranking civil scr-

ference, causing a split even in the pal government officials have crio-

its final form Tuesday.

Both the Moslems as a group and

President Camille Chamoun.

Mr. Caruchet is a criminal law-

Agnelet, a disbarred attorney and leading Masonie figure who was accused of fraud and homicide in connection with what is known in Nice as the "casino war." ft concerned criminal takeover attempts involving the city's two major casi-nos that led to national government intervention, the closing of both casinos and the flight from prosecution in France of Jean-Dominic Fratoni, a casino owner and a boybood friend of Mayor Jacques Me-

ciate, Jacques Peyrat, was a Foreign Legion officer and a former chief of the OAS," the Secret Army Organization that tried to block Algeria's independence from

"We think all this is normal," Mr. Caruchet said. "Judges come to Nice and they have nervous understood."

For a visitor just passing through and listening to the conversations. the contrasts are startling: the city's

the talk, botels turning into old-age bomes, a declining population, a convenion center that may be too big. an investment beyond the

In the mid-1970s, the mayor's friends spoke of turning Nice into a French Las Vegas; now, with the casinos closed, they smile and talk of how the carnival went this month, the good crowds and the funny floats.

Mr. Medecin has explanations for the gulf between Nice's appearance and its conversational effluent Graham Greene, "an aging man." the mayor insists. "was put up to what he wrote by Mr. Gallo." In fact, Mr. Medecin said, the

Unter den Linden, East Berlin's

The notion that peace requires

the dissolution of NATO and the

Warsaw Pact, while put forward by

some of the Greens, is rejected by

the established West German par-

ties as well as, according to the party official, by the Easl German

But many West Germans, espe-

ially West Berliners, fear that Mr.

Honecker's overtures are aimed es-

sendally at softening West Germa-

ny's commitment to the Western

alliance and, in the long run, at

weakening the special status of

have surfaced in the West German

in Bonn, nevertheless, the gov-

ernment's policy of accommoda-

tion with East Germany has broad

ondary issues, a fact borne out by last Friday's Bundestag's debate.

sions before and after deloyment of

the new nuclear missiles on both

helped Mr. Meese financially got

vere held today without any fur-

think he would be in serious trou-

the basis of the record as it stands,

government jobs.

main thoroughfare.

government,

Protestant Major Wounded in Belfast BELFAST (AP) - Masked gunmen shot and wounded a part-time.

major in the Ulster Defense Regiment on Monday when he arrived for work at Belfast's blood transfusion center, police reported. The major, who was not identified, was shot several times at point-

reported wounded. Port officials said rioting dockers snatched rifles from

police and opened fire, killing five policemen.

Navy troops deployed at the southern Indian port of Tuticorin unload-

ed a ship carrying coal for the local thermal power station, officials said.

The Indian National Port and Dock Workers Federation condemned the

LONDON (Reuters) — The police are investigating allegations that a civil servant sold confidential military documents to The Observer, a

A police spokesman said Monday that Defense Ministry documents were passed to the Sunday paper. The documents were the basis of articles published in November alleging inefficiency in the Defense

Ministry, as well as overspending and cover-ups. It is the latest in a number of leaks to the press by disenehanted civil servants that have

embarrassed Prime Minister Margaret Thatcher's government.

Last week, Mrs. Thatcher ordered the police to find out how The

Guardian newspaper managed to forecast virtually the entire British budget two weeks before it was announced.

U.K. Probes Leak of Military Data

overnment's calling out the navy.

leading British newspaper.

WORLD BRIEFS

blank range by two men, said fnspector Jim Boyda, a police spokesman. The victim, a Protestant in bis mid-30s, was taken to Royal Victoria. Hospital, where a spokesman said his condition was serious.

The shooting came as police in Belfast interrogated Dominic McGlinthey, the chief of staff of the Irish National Liberation Army who has boasted of killing 30 people since 1972. Mr. McGlinchey, who was captured Saturday in the Irish Republic and extradited to Northern freland, is expected to be arraigned this week on a charge of murdering a 63-year-old postmistress in 1977, authorities said.

Hanoi Moves Toward Cambodia Talks

SYDNEY (Reuters) - Vietnam held out hopes Monday of a regional conference on Cambodia following agreement that the five-year-old conflict should be given priority in any regional security talks.

Foreign Minister Nguyen Co Thach said at a news conference in Sydney that Australia, Indonesia and Vietnam should contact other governments to "find some appropriate forum for discussions," Vietnam previously said that wider regional security issues must be included in any regional conference agenda, while non-Communist Southeast Asia has insisted that talks focus on Cambodia and the withdrawal of Vietnamese -West Berlin, Some of these fears

Mr. Thach listed five points that Hanoi would be willing to discuss as a first stage toward peace and stability in the region. They were: Vietnamese troop withdrawals; the elimination of the Khmer Rouge as a political and military force; a safety zone on the Thai-Cambodian border; security? of Vietnam's own borders and self-determination without the Khmerbipartisan support except on sec-

The Social Democrats are willing Belgian Austerity Plan Wins Support

BRUSSELS (Reuters) - Prime Minister Wilfried Martens of Belgium German and West German parliaments held a joint meeting recently, Mr. Kohl objected on the grounds that it tended to obscure the control of the plan is intended to control the control of the control of the plan is intended to control of the contr

The plan is intended to cut the deficil from 12 percent of the gross domestic product to 7 percent by 1987. It is to take effect before the end later this month of a period of special powers that enables the government to decree economie measures.

A feature of the plan is a change in the inflation indexation system, which will mean an annual 2-percent cut in the real value of wages and welfare benefits for each of the next three years. The plan also aims at shoring up the Belgian franc.

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Nkomo Charges Rally Was Disrupted

HARARE, Zimbabwe (Reuters) — Youthful supporters of Prime Minister Robert Mugabe disrupted an opposition party rally Sunday, injuring 10 persons, the opposition leader. Joshua Nkomo, said Monday.

Mr. Nkomo, the leader of the Zimbabwe African People's Union, said
about 200 youths armed with axes, hatchets, bricks and sticks had
attacked bundreds of ZAPU members in the midlands town of Kadoma. He said that police used tear gas to disperse the youths and that the rally. at which he was to speak, had to be canceled.

Mr. Nkomo, who returned to Zimbabwe from self-exile in Britain in August, claimed when be left the country that Mr. Mugabe had ordered ... him killed. He said Monday that he had planned to use the rally to press for an open debate on Mr. Mugabe's intention to set up a one-party state

U.S. Court to Rule on Indians' Claim

WASHINGTON (UPI) — The Supreme Court agreed Monday to rule whether the state of New York can be held liable for taking five million acres of land from an Indian tribe over the past two centuries.

The justices said they would review a lower court ruling that said the counties of Madison and Oneida and New York state must pay the Oneida tribe damages for negotiating unfair contracts to take over their lands. The court will hear arguments in the case next fall.

While the suit before the court involves only a few acres and damages of \$16,000, the lower court rulings in favor of the tribe place in question the ownership of nearly five million acres in New York state, ft eventually The Delaware Democrat spoke in a telephone interview as admincould involve lands from Pennsylvania to the Canadian border worth up.
10 \$1 billion. Between 1795 and 1846. New York state bought much of the istration officials considered whether to invoke executive priviland for 50 cents an acre and then sold it to settlers for \$3,53 an acre. The Oneida tribe filed a lawsuit in 1970 asking for New York and two counties to pay damages for the loss of their lands. lege to resist his request for testi-mony from three top White House officials about how people who had

For the Record

Senator Biden said: "If the vote Japanese kidnappers demanded a ransom Monday of 1 billion yea (about \$4.4 million) in cash and gold for a businessman who was dragged ther explanation from Mr. Meese, f from his bath Sunday night, police said. They abducted Katsuhisa Ezaki, head of a large confectionary company. in Nishinomiya city in western

ble. I don't think he would get the votes of the majority of the Demo-crats and I think he'd be in trouble A Shanghai court has sentenced Tao Shanben, who was described as a... remnant of the Gang of Four, to life in prison on charges of spying for Taiwan and for counterrevolutionary activities, the Liberation Daily with regard to several of the Re-"I would vote against Meese" nn

Taiwan and for counterrevolutionary activities, the Liberation Daily reported Monday. (AP)

A grenade exploded in a ear in Paris Monday. Paul Nuhzer, 26, who police said was in the act of planoing the grenade on a street in central Paris, lost his left arm in the explosion. They added that the owner of the car was known to have strong links with the underworld. (Reuters)

A Kenyan court sentenced Hezekiah Ochuka, 30, the alleged leader of a coup attempt in August 1982, to death Monday on charges of treason. The 30-year-old former air force senior private denied being a leader of the revolt but said he took part under orders from superiors. (AP).

Senator Strom Thurmond 21 a Republican who has been a mainstay

Senator Strom Thurmond, \$1. a Republican who has been a maintay of South Carolina politics for more than four decades, announced Monday he will seek re-election to bis sixth full term in the Senate. (AP). President Li Xiannian of China arrived in Katmandu Monday night on the first visit to the Himalayan kingdom of Nepal by a Chinese head of state. Mr. Li is on the last stop of a four-nation tour that included Pakistan. Jordan and Turkey. (Reuters)

The U.S. Supreme Court, in a move that could save consumers \$1 billion or more, refused Monday to salvage a pricing structure for natural

nancial statement.

Mr. Meese's main opponent on the committee. Senator Howard Metzenbaum, an Ohio Democrat, said through a spokesman that the Justice Department action was appropriate. (NYT. AP. UPI)

Metzenbaum, an Ohio Democrat, gas created by the federal government four years ago. The justices left-intact a ruling that the Federal Energy Regulatory Commission acted-illegally when it changed the system of calculating how much pipeling.



La Baie des Anges, the Bay of Angels, in Nice: celestial connection or territory of sharks?

His clients include Jean-Maurice

"Do you think it's odd that I

MOSCOW — The Soviet Com-

munist Party daily Pravda said

Monday that Afghan government troops routed a 3,000-strong rebel force trying to install a U.S.-backed

provisional government close to the

It said that 600 guerrillas were

killed in fighting for control of the

garrison town of Urgun late last

year and gave all the credit to the

government forces. The account

was the latest in a recent series of

Soviet press articles to shed light on the scale of fighting in Afghanistan.

cle. which did not mention Soviet

action in the battle, appeared to be

aimed at showing that the Afghan

support the Afghan Army, heavily

depleted by battle and desertion, in

About 105,000 Soviel troops

war against the Moslem mujahi-

Afghan forces with Soviet air

and artillery support lifted a guer-

rilla siege of the eastern Afghan

mountain town late last year, ac-

Prayda said the U.S. Central In-

telligence Agency had pressed "the ringleaders of the Afghan counter-

revolution entrenched in Pakistan"

to form a provisional government

ate recognition of the puppet gov-

Promises were made of immedi-

in a zone based on Urgun.

cording to reports from Pakistan.

Army could hold its own.

Western diplomats said the arti-

Pakistani frontier.

Pravda Says

breakdowns. Cops get bad reputa-tions. Lawvers stay busy. But you watch out for your friends here. Outside of Nice, this just doesn't happen the same way, it isn't easily

would be Agnelet's lawyer?" Mr. clean streets, the perfect flower In fact, Mr. Medecin said, the Caruchet asked. "Then maybe it beds in the middle of the roads, the city and its tourist business are reseems strange ton that my asso- shining Mediterranean; and then **Honecker Called Force**

> (Continued from Page 1) ultimate reduction of nuclear

Afghan Army In New German Ties

weapons. Chancellor Helmut Kobl of West Germany used the "community of responsibility" phrase in his state of the union speech to parliament Friday. Hans-Jochen Vogel, the leader of the opposition Social Democrats, had used it at a press conference in East Berlin a day

Going a step further, the East German official described the tie between the two Germanies as a "security partnership," noting that neither of them would ever be able to live in security unless the security of the other was equally assured. The security partnership should take the place of mutual deterrence, be said.

He said it was nonsense to think that peace could be achieved by dismantling the power blocs of East and West, as some of the more radical members of the Greens party in West Germany have suggest-

On the contrary, he said, cooperation and improved relations between the two German states were

be called the thesis of Günter Grass, the West German author, who had called on each of the Ger-

bushes by "counterrevolutionaties," lifted the rebel siege, killed
600 and took many prisoners, with the understanding that it was not an interview but a long, information of took place in "signposts" to make it clear that his interested in

The official took issue with what

to go further than Mr. Kohl.

ments were fully conscious of the trast between the democratic West fact that each was a member of its and the Communist East. Howevrespective alliance, the Warsaw er, Mr. Vogel and other Social Pact and North Atlantic Treaty Or-Democrats urged continuation of ganization, with corresponding ob-ligations. Such meetings. "Anything else is absurd, a dream, a fantasy," he said.

The official and the said of the inner Comment is described as an effort to protect the inner Comment is described.

strated that they can cope with an office at the sprawling headcomplex tasks requiring high military skill and courage," it said.

Committee, a short distance from with the other Germany.

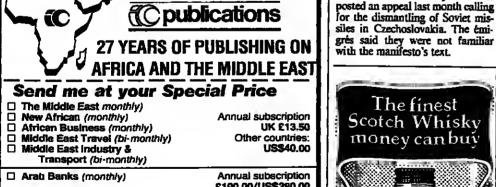
ernment and prompt assistance from the United States and its allies," the newspaper said. More than 3,000 "bandits"

swarmed across the Pakistani fronsides of the German border. tier into Paktia province and made man governments to put itself two attempts to capture Urgun. Pravda said. Referring to that point, the Communist Party official noted that

rravda said.

The Afghan Army entered the Urgun valley through snow-bound mountain passes and, despite ambushes by "counterrevolutionaries," lifted the rebel siege, killed 600 and took many prisoners across the path of the superpower to which it is allied in order to block the road to further nuclear the stationing of the Pershing-2 in West Germany, but, he stressed, they did not draw the conclusion from that that they should give undefinite to which it is allied in order to block the road to further nuclear the stationing of the Pershing-2 in West Germany, but, he stressed, they did not draw the conclusion from that that they should give undefinite to which it is allied in order to block the road to further nuclear the stationing of the Pershing-2 in West Germany, but, he stressed, they did not draw the conclusion from that that they should give undefinite to which it is allied in order to block the road to further nuclear the stationing of the Pershing-2 in West Germany but, he stressed, they did not draw the conclusion from that that they should give undefinite to which it is allied in order to block the road to further nuclear the stationing of the Pershing-2 in West Germany but, he stressed, they did not draw the conclusion from that that they should give undefinite to which it is allied in order to block the road to further nuclear the stationing of the Pershing-2 in West Germany but, he stressed, they did not draw the conclusion from that that they should give undefinite to which it is allied in order to block the road to further nuclear the stationing of the Pershing-2 in West Germany but, he stressed, they did not draw the conclusion from that that they should give undefinite to which it is allied in order to block the road to further nuclear the stationing of the Pershing-2 in West Germany but, he stressed, they did not draw the conclusion from the stationing of the Pershing-2 in West Germany but, he stressed, they did not draw the conclusion from the stationing of the Pershing-2 in West Germany but t

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(Continued from Page 1)

Biotech Capital Corp., from Edwin in serious trouble" unless new hearwelcome this inquiry by the Justice
W. Thomas, an old friend. Mr.
Thomas became an aide to Mr.
Thomas became an aide to Mr.
Thomas became an aide to Mr. Department. It provides a full opportunity to evaluate and to expose

and have been undoubtedly moti-vated by election-year politics." Mr. Meese told Senator Thurinformation concerning the 1982. \$15,000 loan received by my wife in

Meese in the White House in 1981 the baseless insinuations that have and was named as the San Francisreceived extensive media exposure co regional administrator for the General Services Administration in Mr. Thomas's wife, Gretchen,

connection with stock purchased for our children's education."

Mr. Meese said last week that his mitial failure to disclose the loan miti

He referred to an interest-free ment for 1981 had been "inadveroan in late 1980 or early 1981 to tent." Ursula Meese, which he disclosed for the first time last week along the White House announcement, with the purchase of stock in the said that the nomination "would be

was appointed to a federal job as an mond that the Justice Department attorney examiner and presiding would be looking into "certain official for the Merit Systems Promatters pertaining to the filing of tection Board in San Francisco in tection Board in San Francisco in Mr. Meese said last week that his

on his financial disclosure state-

Senator Biden, speaking before



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In El Salvador, an Election Spectacle **k of Mi**litary Data

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Antication to ... philippin Marine districting

State the recognition Whether to be to and the second

dor's election campaign. The right-Members of the rightist political party, the Nationalist Republican Alliance, staged the game Sunday before about 30,000 cheering supporters at the Flor Blanca Stadium here as the campaign for president entered its final week. some cases despite and in some cases because of interference by referees dressed to represent Alvaro Afredo Magnia, the country's provisional president, and Thomas R. Pickering, the U.S. ambassador. The fix was in from the

The party's presidential candi-date, Roberto d'Aubuisson, sat in the bleachers with a broad, satisfied smile on his face as the team representing his party took on other party supporters representing the "Comunista Futbol Club," which was dressed in the green col-ors of the Christian Democratic (Asi street - - -

> The team later stripped off its green shirts to reveal red ones undemeath, the image that Mr. d'Aubuisson has tried to promote as the Christian Democrats' true colors. In the end, the figure represent-ing Mr. Pickering and another

New York Tunes Service

from the rightist Nationalist Re-publican Alliance has faced down a

group of 11 purported Communists
— in a soccer match staged by the
party as a metaphor for El Salva-

The young rightists won, 8-2, in

SAN SALVADOR - A squad

José Napoleón Duarte walks among supporters during a rally in Santa Tecta.

Attracts Big Crowd for d'Aubuisson

Mr. D'Aubuisson supporters

had been trucked and bused to the capital from all over the country for the event, which was the largest

rally to be held during the cam-

paign.

The candidate of the Christian

Democrats, José Napoleón Duarte,
meanwhile, gathered a crowd of

2,000 supporters at a rally in Santa

Tecla, a few miles west of the capi-

tal. Mr. d'Aubuisson was born

Mr. Duarte spoke of Mr. d'Au-buisson and his supporters as

"Nazi fascists" who "don't have

the guts to take the steps to control

how be is going to confront the violence," he said. "The only thing

that be has talked about is private

initiative - that he is going to

return the banks to private enter-

prise, that he will return the land to

Mr. Duarte promised new aid to

farmers and small businesses to

The crowd, which massed in

Santa Tecla's central plaza, was not

one of Mr. Duarte's largest, but it was among his most enthusiastic. Shouts of "President! President!"

and "Justice! Justice!" occasional-

ly interrupted his 20-minute talk.

his directoroot station wagon

Security around Mr. Duarte was

The third major candidate, Fran

cisco José Guerrero, spent his day

in the northwestern city of Santa

usual message of "peace through

The candidate accused Mr.

d'Aubuisson of filling up the Flor

Blanca Stadium with poor farmers

who had been trucked in against

their will, and be took a swipe at

Mr. Duarte, intimating that he

would make a pact with the leftists

reputation for corruption that it

developed during the 50 years that

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in the same way twice.

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The National Conciliation Party

fighting in the hills.

conciliation.

help reactivate the economy.

"Never has he said one word on

the abuses of authority.

wearing a mask of President Ronald Reagan were making conciliatory movements to the team representing the d'Aubuisson party.

This has not yet happened to any great extent in real life. While the Reagan administration has said il will support whoever wins the elections, it has distanced itself from Mr. d'Aubuisson, most recently by Ana, El Salvador's second largest. About 2,000 people gathered in the central park to hear Mr. Guerrero's denying him a visa March 5 to visit the United States.

Mr. d'Aubuisson has been accused by Robert E. White, former U.S. ambassador to El Salvador, and others of running rightist death squads believed responsible for many of the thousands of political killings in El Salvador since 1981. Sunday's action, compared with

some of the speeches the candidates have been making about each other, was all in fun. Mr. d'Aubuisson had warmed up the pompon- and flag-waving of Mr. Guerrero is saddled with a

crowd with a variation on the pointedly nationalistic speech he has given throughout the bitter Addressing himself directly to

the foreign reporters in the crowd. the wiry former army major said: "You have lied when you say that we're in a civil war. We are the victim of a foreign aggression."

He dismissed any ideas of resolving El Salvador's conflicts through

talk with the government opposi-"We are never going to negotiare, we are never going to dialogue, we are never going to surrender,

The sun-drenched crowd, wearing nearly identical red, white and

Peru Lifts Curfew, Says Rebels Are Retreating

Reuters

LIMA - Military authorities have lifted a 15-month curfew in the city of Ayacucho, the first stronghold of the Shining Path guerrilla group that has been fighting the government for three years.

General Adrian Huaman, commander of the area under a state of emergency in 12 of Peru's 159 provinces, said Sunday that the Maoist rebels' activity in the central Andes was under control, "We have dismantled them. They are on the



on the River Rhone Next to business and shopping center.

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By Edward Cody

Washington Past Service HAVANA - Engenio Balari is Cuba's king of consumption, asigned to make sure the island's highly planned Communist economy provides people with the food and goods they need. Uppermost in his mind right now is Opina, a new line of clothes his Institute of Internal Demand is trying to launch on what passes here for a fashion mar-

The sight of Mr. Balari chuckling over a designer's sketches for a stylish dress and modish jeans, hoth ish cress and mooish jeans, noth with lines more Latin than Marxist, seems to sum up a feeling of relative well-being in the Cuban economic atmosphere these days. Havana traffic is still light for lack of cars and gasoline, and Cuban supermarkets still look more like feed stores than Safeways. But modest signs of better times from smiling signs of better times, from smiling waiters to chic women, seem to pop up repeatedly before a visitor moving about the capital.

Mr. Balari can offer numbers to bolster these impressions. Cuban consumers, who chose from among 280 products on the market in 1970, he says, now choose from among 1,300. Part of the explana-tion, be adds, is an expanding "par-allel market," where Cubans who blue party caps, erupted into cheers it, along with the military, ruled the in unison and waved their red. country. white and blue party flags and pompons in cadence. Chants of "Patriotism, yes! Communism, no!" were heard again and again as Mr. d'Aubuisson ended his brief sall.

Connry.

The candidate tried to reassure the audience that since the party was thrown out of office in the 1979 coup only responsible people have stayed in it. can afford to buy food and con-sumer goods beyond the rations they are entitled to at subsidized

the equivalent of 30 cents on their rather than consumer goods, such of the Spanish townhouses there is ration cards, for example, or put as chemicals for Cuban factories out 95 cents a liter to get some extra after their quota runs out. Mr. Ba- buildings suffering from Caribbean lari calculates that Cubans devote 70 centavos of every peso they spend to such black market pur-chases, while in 1970 they had to spend 95 centavos per peso on rationed goods.

Ironically, the apparent im-rovements in everyday life are taking place in the middle of a foreign exchange shortage brought on by low sugar prices, poor crops and the refinancing of a \$3.5-billion debt to Western governments and banks. Cuba earns 75 percent of its foreign exchange from sugar exports.

Deputy Foreign Trade Minister Amadeo Blanco says the hard-cur-rency pinch means President Fidel Castro's government is unable to buy all it needs from Western companies, which demand payment in convertible currencies such as dol-lars or West German Deutsche marks. Although Cuba's trade with soft-currency socialist countries is 82 percent of the total and climb-ing, restraints on trade with the West mean many desired products are not getting into Cuba.

Mr. Blanco explained, bowever, that Communist Party directives have made it clear that import cut-

that manufacture paint to refurbish sun and bumidity.

"In 1983, the offering of all types Blanco said in an interview. "The population suffered no effect."

The refurbishing is going on in various places. In Old Havana, the Cuban government, in cooperation with the United Nations Educa-tional. Scientific and Cultural Or-ing around. But the housing shortganization, is restoring a neighbor-hood of 16th, 17th and 18th even married couples increasingly century buildings and streets, con-structing what amounts to a walk-

Ramón Fernández Alvarez invites

Housewives in an East Havana duction goods — spare parts or church front is illuminated at night market can buy a liter of milk for new machinery, for example — to show off a restored facade. One Museum of Education.

Another refurbishing project is harder to get a tour for. This one is for pasadas, little rendezvous spots of products was increased." Mr. that resemble motels. Cuban conples, faced with a housing shortage that often obliges them to live with in-laws, go to posadas for privacy they cannot find at home.

Traditionally, posadas have been

when Education Minister Jose than 50 have started up in the Haguests for dinner at the Patio res- \$12 million in 1983. As a result, the taurant near his office, for exam- government has been helping manple, they enter and leave through an agers spruce them up with fans and elegant Cathedral Square whose new furniture.

Security Increased at White House

WASHINGTON — Authorities clamped new security measures on the White House Monday, with vis-itors subjected to metal detectors and searches of their belongings as the Secret Service tightened the protective shield around President Ronald Reagan.

ried items searched for weapons. Visitors also were required to walk through electronic devices that de-

Officials said the new security steps were unrelated to an incident Thursday in which a man with a sawed-off shotgun was wounded People entering through either of by a Secret Service guard outside two designated points had brief-the fence ringing the White House.



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Despite Changes, White House Staff Is Still Not Running Well, Aides Say

By Lou Cannon and David Hoffman

WASHINGTON - The recently streamlined White House staff, whieb was supposed to have be-come a smooth-running machine to help assure President Ronald Reagan's re-election, is still not func-tioning efficiently, according in ad-ministration officials.

"We have serious problems in communications, speechwriting, scheduling and in dealing with ... [Capitol] Hill," said one official familiar with staff operations. "And we could wind up paying in No-vember for the mistakes we're mak-

ing now."

The mistakes listed by this official and others, who insisted on anonymity, include scheduling that has failed to make Mr. Reagan more visible while attention is focused on the Democrats, speechwriting that has narrowed his appeal, a breakdown in communication with Republican senamrs on military aid in Central America, and what one strategist called "a comedy of errors" leaving the Reagan reelection campaign without an advertising director.

In recent weeks, various proposals have been made for Mr. Reagan to broaden his election-year appeal beyond his core conservative con-stituency. They included a speech to a Democratic audience in Florida, an appearance before workingclass voters in Ohio and a speech to a major conservation organization in Georgia. But all these proposals were rejected by the White House Salvador and the U.S.-backed restaff system without reaching Mr.

Rengan.
"We operate under a consensus system where it's easy for one person to veto any proposal and hard to get anything approved," com-plained one White House official. "It's all handled below the level of

The operations of the White House staff have assumed special significance under Mr. Reagan because he delegates so much deci-sion-making. After three years of

have become a harmonious team. But the national security adviser. William P. Clark, left in head the

William P. Clark, left in head the Department of the Interior and the presidential counselor. Edwin Messes 3d, was nominated to he attorney general. Mr. Messe's confirmation has been delayed by questions about his financial dealings that are also the subject of a lustice Department investigation.

Justice Department investigation.
With the departure of these two
figures, the White House chief of
staff, James A. Baker 3d, was widely expected to consolidate his control and provide quicker responses in problems. But administration officials, most of them loyal in Mr. Baker, said the staff suffered when Kenneth M. Duberstein, the legislative liaison, Aram Bakshian Jr., a speechwriter, and David R. Ger-

side government.
Others question Robert C. McFarlane's effectiveness as nanonal security adviser in place of Mr. Clark. They contend that Mr. McFarlane, while collegial, is too mild-mannered and has failed to resolve conflicts between Secretary of State George P. Shultz and Secretary of Defense Caspar W. Wein-

berger.
The gap in White House-Senate relations showed up when influence tial Republican members of the Senate Appropriations Committee were not informed in advance bels in Nicaragua. The White House blamed the State Department, indirectly calling attention to the diminished role of the national security adviser.

Administration officials also have questioned the performance of two other Reagan aides whose importance has increased in the new staff lineup: Riehard G. Darman, a presidential assistant, and the deputy chief of staff, Michael

Mr. Darman and Mr. Deaver di- president.

feuds and rival power centers, Mr. vided Mr. Gergen's responsibilities Reagan's staff was supposed to when he left the White House two months ago. Mr. Deaver took over Mr. Darman became responsible

is critical of the strongly ideological tone of Mr. Reagan's recent

"I'm less interested in ideological categories than I am in results," responded Mr. Darman, a target of more liberal than Mr. Reagan.

Mr. Darman often gets results. He has been influential in develop-ing budget and tax strategies and in gen, the communications director, the bipartisan compromise to solve left the White House for jobs outof the Social Security system. However, some colleagues have said his abrasiveness and ego interfere with

Mr. Darman is more highly respected by his administration colleagues than Mr. Deaver, who has worked for Mr. Reagan for most of the last 17 years and is highly val-

One colleague who professes to think highly of Mr. Deaver said that he is "the most creative person at coming up with gimmicks" and good at "picking the camera an-gles" for Mr. Reagan's appear-

Mr. Deaver's colleagues said be avoids "backgrounding," the prac-tice of privately explaining administration policy to reporters, because he has failed to master substantive issues despite his membership on the National Security Council and his freedom to attend White House meetings of his

But Mr. Deaver continues to he the one official in the White House whom others consult if they want to take their case directly to the

When a few key signals add up to an old friend, you've got Brand Character.™



A MOVING CEREMONY — Bruce Leone, left, and Sharon Johnston-Bonora got their marriage off to a running start by repeating their vows while jogging across a Seattle bridge. The Rev. Cliff McGrath, right, performed the ceremony while running backwards.

Hart and Mondale Records Compared by Opposing Units

WASHINGTON — The liberal Americans for Democratic Action and the conservative Americans for Constitutional Action say Gary Hart is more conservative than social and military issues but more liberal on civil rights.

A comparison of the two congressional voting records for the

sues. ADA, a liberal lobbying group that has endorsed Mr. Mondale, gave its candidate a 92-percent lifetime rating. Senator Hart got 79 percent.

The conservative group gave Walter F. Mondale on economic. Senator Hart a higher lifetime rating than Mr. Mondale, with Mr. Hart getting 15 percent and Mr. Mondale 3 percent

The groups monitored Mr. Montwo leading contenders for the dale's votes during his tenure as Democratic presidential nomina-non shows Mr. Mondale scoring to 1976. Senator Hart, of Colorado, higher than Senator Hart among has served in the Senate since 1975.

Hart's Congressional Record Shows Defense, Energy Are His Top Issues

Ven York Times Service WASHINGTON - A review of Senator Gary Hart's congressional record since he became a Colorado senator in 1975 shows that he bas consistently been more concerned about national defense and energy than any other issues: that he was speaking out against "big government," warning about the size of the deficit and trying to cut federal spending and taxes before President Ronald Reagan took office. and that his interest in social wel-fare has been limited mainly in child nutrition programs, of which he has been a staunch defender.

Mr. Hart has voted like most Democrats on most issues. But he has tried to place himself outside "the linear, left-right spectrum" of many domestic issues.

American politics. He says be is trying to "create third options between the left and right — in development of the left and right have removed any armount of the left and right and fense, in the environment, in the economy." and his record indicates this effort began well before he became a presidential candidate.

In May 1982, he was one of only two Democrats to vote against a \$5.1-billion subsidy program that would have provided mortgages at helow-market interest rates for buyers of new bomes, Mr. Hart denounced the proposal, saving it would increase the deficit significantly, set an unfortunate prece-dent for federal bailouts of economically depressed industries and serve as no more than a Band-Aid for much more serious economie

Mr. Hart has regularly supported proposals to expand protection of civil rights and civil liberties, but he has not taken a prominent role in debates on these issues. However, be was one of only four senators to vote against the Intelligence Identities Protection Act, a 1982 law that made it a crime to disclose

the names of covert intelligence agents and sources. He endorsed the purpose of the bill but said it did not adequately protect First Amendment rights of

ree speech and free press. Following are other highlights of he Colorado senator's record:

 Reagan Economic Program
 Mr. Hart voiced an early concern
about the federal deficit. He offered a comprehensive proposal to cut taxes and spending in 1978. He wanted to reduce personal income tax rates by an average of 20 percent over four years. But, in con-trast to the 23-percent across-theboard tax cut adopted in 1981 at Mr. Reagan's request, Mr. Hari wanted to give proportionally bigger tax cuts to people with low

Mr. Hart also wanted to make the tax cuts contingent on cutbacks in federal spending.

Like most other Democratic senators. Mr. Hart helped clear the way for passage of Mr. Reagan's economic program by voting to instruct Senate committees to cut \$37 billion from the federal budget in April 1981. But he supported the bill "reluctantly," and six weeks later he voted against the first bud-

Mr. Hart objected to the 1981 tax cut because, he said, it was "severely biased toward the wealthy" and was not matched by equivalent cuts in spending.

Mr. Hart was an early, outspoken advocate of linking tax brackets to inflation. At present, taxpayers whose wages rise with inflation are pushed into higher and higher tax brackets. Congress approved the linkage in 1981, and it is scheduled to take effect in 1985. Mr. Hart introduced bills to require such linkage of tax brackets in 1978

Senate Democrats voted against linking tax rates to inflation by more than 2-to-1.

Since 1976, he has offered several proposals to give Congress greater control over tax deductions, exemptions, eredits and other preferences. He says that Congress should eliminate the tax deduction for interest paid on money borrowed to finance corporate mergers and acquisioons. Such "corporate takeover games." he says, generally do nothing to enhance productivi-

Mr. Hart was elected to Congress in 1974, just after the erisis caused by the Arab oil embargo and the quadrupling of oil prices. While the crisis has faded from the memory of many politicians, it still shapes Mr. Hart's outlook on foreign affairs, military strategy and many domestic issues.

to break up big oil companies. His bill would have removed government-imposed price controls on crude oil, but he wanted to be sure that big companies would not replace the government in determin-ing prices. So his bill would have prohibited the biggest oil producers from holding any interest in facili-ties used to refine, transport or market oil. He also supported pro-posals to prohibit the acquisition of coal and uranium interests by major oil and gas companies.

Mr. Hart has frequently railed

presidential campaign, which had promised an immediate, total withdrawal of American troops from Vietnam. But as a senator, Mr. Hart did not join the small group of lawmakers who routinely criticized the Pentagon and voted to cut the military budget. Rather, he has been a leader of the Military Reform Cancus, a bipartisan group of lawmakers who want to change the fighting philosophy and tactics of the armed forces. He favors a strategy of rapid movement to disrupt the organization of enemy forces.

ager of George McGovern's 197

a li omest.

He has opposed the B-1 homber, the F-18 fighter plane, the M-1 tank, and chemical weapons, and he led a filibuster last summer in an unsuccessful attempt to block the MX, a mobile intercontinental missile that is to be armed with nuclear

« Other Domestic Issues

In an effort to stave off cuts in the school lunch program, Mr. Hart has proposed reducing the tax deduction for business meals and entertainment to 70 percent from 100 percent of their cost. The sayings would be designated for the school lunch program.

Mr. Hart also opposed comprehensive immigration bills that passed the Senate in 1982 and 1983. He said the proposals, strongly supported by the Reagan administration, did not contain enough Military safeguards to prevent discrim
When Mr. Hart arrived in the tion against minority groups.

Jackson Makes Appeal To U.S. Arab Community

WASHINGTON - The Rev. Jesse L. Jackson, proclaiming that no longer will Arab Americans be locked out,"-has urged the Arab community to begin flexing its muscle as "an organized political

The Democratic presidential candidate's remarks Sunday were enthusiastically received by the 1,400 delegates to the American-Arab Anti-Discrimination Committee's national convention. The delegates had sat through three days of meetings on problems of the American Arab community.

After his speech, former Senator James G. Abourezk of South Dakota, the convention chairman, gaveled the proceedings to a close so that be could begin taking pledges for the Jackson campaign. A convention spokesman said there was no immediate estimate on bow much was raised.

Mr. Abourezk, national chairman of the American-Arab Anti-Discrimination Committee, said The Washington Post and The New York Times had "taken their best shot" at Mr. Jackson, "tried everyget resolution, which specified the thing they could - front page ediamounts to be cut in various areas. torials, negative news stories, tried to ignore him, and nothing's

worked, he's still winning." widespread criticism by his recent

reference to Jews as "Hymics," was careful throughout his remarks Sunday to balance his overtures to Arab groups with a call for understanding of Jewish issues, emphasizing that blacks, Arabs and Jews would be "equal members" of his so-called Rainbow Coalition. Just as security is vital to the

interests of Israel, Mr. Jackson told stand "the pain and suffering of the formula for its government. Jewish people as well." Mr. Jack-

son was buoyed by his showing in Saturday's round of state caucuses. declaring that "our faith has been renewed," and adding "this is not a two-man race."

Mr. Jackson received more votes than Walter F. Mondale and Senator Gary Hart in South Carolina's caucuses Saturday and ran a close second in Mississippi.

In Sunday's speech, Mr. Jackson again urged that the United States hold direct talks with the Palestine Liberation Organization, which is not now permitted by U.S. policy.

"Surely, the Jewish community must be challenged to know the pain of the Palestinians. . . But just as Jews must he helped to know the sufferings of Palestinians, we must challenge the Palestinians to know and understand the fears and the history and suffering of the Jewish people as well," he said, Mr. Jackson cautioned agains

"setting up another military state" on the West Bank or Gaza Strip with the creation of a Palestinian state. "A statchood must not be" seen as the same as another military garrison," he said.

"We must talk as a nation to both the Israeli government and to the PLO," he said. "We must bring them together for peace.

Mr. Jackson talked with the PLO Mr. Jackson, who attracted leader, Yasser Arafat, in a widely publicized meeting five years ago and won the release of a captur U.S. Navy flier, Robert O. Goodman Jr., in January after meet with President Hafez al-Assad of

Mr. Jackson said: "There is no military solution to Lebanon's civil war. . . . Lebanon has no need for U.S. weapons, U.S. Marines or one-ton shells from the New Jerthe delegates, "so is statehood and sey's 16-inch guns." He said Lebs-security for Palestinians." But Pal- non "needs national reconciliasey's 16-inch guns." He said Lebaestinians, be added, must under- tion" and a "new power-sharing"

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the participation of the SS in war eximes," Mr. Emmerlich said.

FROM SYATTELLUTTE

They are regularly used for the chief editorial writer, were accused plorification of militarism, the war two weeks ago of trying to "revive nd a false military tradition as an atmosphere that may lead to

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Record Show For Indian Women, Rite of Spring Turns Vicious The Top I... For Indian Women, Rite of Spring Turns Vicious Some Males Have Perverted the Festival of Holi Into Sexual Harassment

By William K. Stevens New York Times Service

NEW DELHI — The sunny green campus of Delhi University looked much like an occupied zone under curfew. Soldiers piled out of trucks and stationed themselves in fives and sixes around the grounds, riot sticks at the ready. Few students were about Some student hostels looked deserted.

Insurrection? Student riots? No. Eve-teasing. The innocent-sounding term is applied to a widespread and often vicious form of public harassment of women by young men, including
— but not limited to — pinching and fondling.
Not infrequently, it turns violent.

The practice, indulged in with seeming impunity both by lone men and by gangs, has made riding on buses a dreadful ordeal for many women. Those who study such things say it is just one expression of a broad pattern of oppres-

The reason for the security forces at Delhi University is that Saturday was Holi, a basically joyous Hindu festival, a rite of spring that occasions bonfires and banquets. Men and women throw colored water and colored powder all over each other, much as Lord Krishna and his female followers were supposed to have done in

turned Holi into a perverse festival of their own.

Archbishop John J. O'Connor held up a baseball cap

Sunday and explained that George Steinbrenner, owner

of the New York Yankees, "was kind enough to send me a Yankees hat to go with my archbishop's miter."

Compiled by Our Staff From Dispatches

of New York in a formal investiture Monday at St. Patrick's Cathe-

dral and said his first public Mass as spiritual leader of New York's

About 100 cardinals and bishops, leaders of other religious denominations and political leaders attended the service.

At a succession ceremony on Sunday, about 3,600 nuns, priests, deacons and members of the archdiocesan staff filled St. Patrick's to

watch the former bishop of Scranton, Pennsylvania, formally take over as the eighth head of the archdrocese. His predecessor, Cardinal

Martial Law in Turkey

Eased Before Elections

tions by the military.

The Motherland Party easily

victory because participation was

Milliyet ranked the Motherland

Party in first place for the local elections with 34.5 percent, an in-

crease of just over half a percentage

point from its rating in a similar

True Path Party, up a point to 11.4 percent. Both parties were barred

rom last year's elections because

of their links with parties that have

If the Social Democrats and True Path make invoads into the

support of the parliamentary par-

ties in the local elections, in which

thousands of officials from city mayors to village chiefs are to be

elected, political analysts say pres-

sure will build for early general

A military prosecutor Mooday cleared two journalists, Nazli Ilicak and Aydogdu Ilter, of charges that

they praised banned political par-

ties in an article that appeared in the daily Tercuman on Feb. 16, The

Associated Press reported from

Mr. Ilter, the editor of Tercu-

man, and Mrs. Ilicak, the paper's-

written by Mrs. Ilicak.

Journalists Are Cleared

been abolished since the coup.

poll last week.

NEW YORK --- John J. O'Connor was installed as the archbishop

Archbishop O'Connor Becomes

8th Leader of Catholics in N.Y.

1.8 millioo Roman Catholics.

Terence J. Cooke, died in October.

relaxed in parts of Turkey on Mon-

day, less than a week before impor-

tant local elections, for the first

time sioce the September 1980 mili-

It was lifted completely in the

western provinces of Kirklarchi, Bi-

lecik and Kutahya, the southern

province of Burdur and the eastern

province of Mus. In eight other

provinces it was replaced by a state

of emergency transferring martial

law powers to the civilian provin-

Parliament voted earlier this

month to extend martial law in the

54 other provinces for a further

outthe country when the military

The relaxation came before local

ections Sunday in which Prime

Minister Turgut Ozal's conserva-

Bonn Ban Urged

On Ex-Nazi Units

United Press International

to ban all former Nazi veterans'

organizations if they continue to hold reunions.

Alfred Emmerlich, deputy chair-

man of the Social Democrat caucus in the Bundestag, said the meeting of veterans of Wallen SS and other

crack World War II Nazi units

well as to minimize and whitewash

were an insult to democrats.

BONN - An opposition Social Democrat leader called on the West German authorities Monday

cial governors.

young women in public, beating them, humiliat- Indian women wear their hair in.

Holi is the height of the problem," Rachna example, cause great humiliation to women in Kumar, a second-year political science student India. at the university, said.

The presence of force seems to have had an effect. "It was much more active last year," said Miss Kumar's friend Raj Shree Bala. This year Western women sometimes run a greater risk it's pretty quiet."

rassment of women not long ago.

Attitudes toward women in India historically place them in a subordinate position. In addi-

tion, sociologists say, sexuality is so repressed in many sections of Indian society that reactions Reuters reported from New Dehi. such as Eve-teasing are almost guaranteed to
take place.

Four persons were killed in rioting in Calcuttake place.

Four persons were killed in rioting in Calcuttake place.

Their main targets are universities where there Eve-teasers pinch, fondle and rub against are lots of young women, and in some years they women, make obscene remarks and gestures, have terrorized entire campuses, stripping and pull the plaited braid that many young

Some of the actions that would seem innocent Eve-teasing "is a problem all the time, but enough in the West at a Mardi Gras festival, for

Public kissing, for example, is taboo. When 17

Western women sometimes run a greater risk But Eve-teasing in general shows no signs of becoming a target because Western society's reputation for greater sexual permissiveness appearance on a newspaper article about the half women from the West are loose. of becoming a target because Western society's all women from the West are loose.

"Men believe they can do anything related to women found that Eve-teasers women and get away with it," said a social tended to withdraw when she challenged them welfare worker. "It's always going to be that way unless you change attitudes."

■ 15 Reported Dead At least 15 persons were reported Monday to have died in violence during the Holi weekend,

The rush of Indians from farms and villages eight died Friday in clashes between landowners male followers were supposed to have done in accent times.

But in recent years, gangs of Eve-teasers have part of the explanation for a rise in Eve-teasing during a clash after someone cut down a farmer's tree to start a festival bonfire.

Journalist's Expulsion Seen as Anti-Deng Move

By Michael Weisskopf

Washington Past Service BELJING - Foreign diplomats here believe the recent expolsion from China of the correspondent for a West German oews magazine may be part of a larger scheme by conservative security police to dis-credit Deng Xiaoping's opening to the West.

Tiziano Terzani, Beijing corre-spondent for Der Spiegel, was stripped of his press credentials March 3 for allegedly smuggling anoques and defacing a portrait of

Western diplomats said the charges were a pretext for expelling Mr. Terzani after internal-security police failed to uncover evidence of espionage despite 19 hours of tough interrogation, a search of his apartment and office and threats of

The case reportedly was orches-trated by the Ministry of State Security, which was set up in June to investigate espionage. The organization, modeled after the Soviet Union's KGB secret police, is said to contain China's most conservative political forces, xenophobic and authoritarian figures who oppose Western influences and many of the domestic reforms of Mr. Deng, the paramount Chinese lead-

Some Western analysis expect American journalists to be targeted for investigation in the weeks leading up to President Ronald Rea-

Several American reporters based in Beijing recently have received mysterious telephone calls from Chinese asking for a meeting. In person, the callers have offered tive Motherland Party is facing a Remers

ANKARA — Martial law was strong challenge from parties possession of which by a foreigner laxed in parts of Turkey on Mon-

In some cases young Chinese beat two other parties allowed to women have called male journalists contest the general elections. The and suggested meetings at Western opposition charged it was a false hotels here.

A Westerner with ties to the ruling Communist Party has been The latest opinion poll published asked to inform on foreign corre-Monday in the independent daily spondents based in Beijing, according to a reliable Western source. Western analysts said journalists

security forces because they lack diplomatic protection. "A few people in the security imposed in several provinces in 1978 amid escalating political violence and was extended throughfield are trying to use these cases to prove that the West is out to undermine China and the Communist

have become the main targets of

system," a Western envoy conclud-The security ministry is believed to have a free hand in choosing its

Brazil Considers Buying **Exocets for Patrol Boats**

BRASTLIA - Brazil is considering buying French Exocet missiles for coastal patrol boats now under construction, a Navy Ministry spokesman said Monday. Brazil already deploys Exocets aboard six

of its frigates. Over the weekend a newspaper report quoted the navy minister, Admiral Maximiano Eduardo da Silva Fonseca, as saying that tests carried out with the Exocets had matched expectations.

targets of investigation. Although the Foreign Ministry accredits foreign correspondents and is responsible for them, it only learned of Mr. Terzani's case when the West German and Italian governments intervened, sources said. Mr. Terzani is an Italian national

The anti-espionage officers, who worked for the Public Security Burean before the new ministry was formed, are known to operate undercover with the help of informers and phone taps. According to Chinese sources, they regard all foreign journalists as spies, and normal newseathering as an effort to uncover state secrets.

Mr. Terzani, 46, was one of the scores of Western journalists who have been permitted to work in China since Mr. Deng inaugurated the open-door policy in 1979. A correspondent who has written critically of the communist system, he often donned Chinese clothes and rode a bicycle at night to meet disaffected Chinese intellectuals. He speaks Chinese.

As Der Spiegel's correspondent in Beging for four years, Mr. Terzani was respected by many of his colleagues for his reporting on the closed Chinese society. His work habits and critical reporting in the weekly magazine are believed to have aroused suspicion among se-

Mr. Terzani quietly left of the Chinese capital March 5, ocarly month after police confiscated his passport and detained him for interrogation.
Chinese officials said last week

that the journalist had been found in possession of 57 cultural relics including 23 that are prohibited from being taken out of China. Foreign Ministry officials were

unable to explain why Mr. Terzani had been charged with smuggling items that were never taken from his Beijing apartment.

Giant Pandas Mate at Zoo in Washington

United Press International WASHINGTON - Ling-

Ling the giant pands mated on Monday with her partoer Hsing-Hsing for the second time in their 12 years together at Washington's zoo, just months after recovering from a kidney infection.
We feel fortunate that she

made such a good recovery and that she seems to be entirely healthy again," said Dr. Robert Hoage, a zoo spokesman. "It was a natural phenomena and we are letting nature take its

In December, doctors found Ling-Ling suffering from anemia and a severe kidney ailment that was potentially fatal. She was treated with antibiotics and recovered. Zoo officials tried for years to get the pandas to mate after their arrival from China in 1972. They finally consummated their affair last year and Ling-Ling became pregnant, but her cub died three hours after birth last July.



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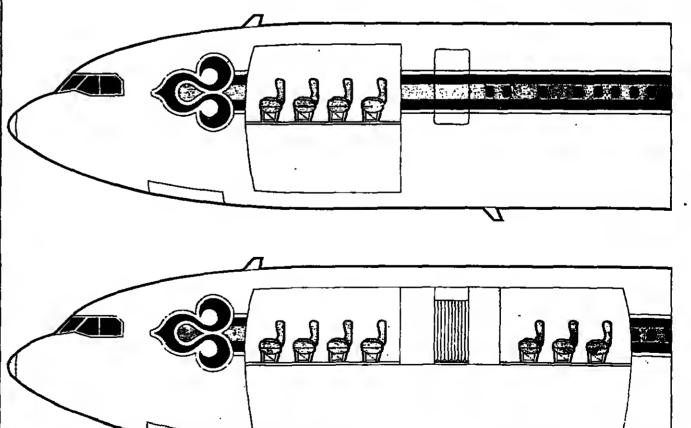
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In fact, Royal Executive Class has proven to be so popular we've had to enlarge it.

So now instead of 24 seats, Royal Executive

Class features 42 seats And everyone of them goes back further



The 'Linkage' Problem

There is a storm in Congress over linkage.

Speaker Thomas O'Neill thunders that Mr.
Reagan is "unfit to be president" because the administration linked military aid for Central America to food relief for Africa, Secretary of State George Shultz sputters that human rights purists on Capitol Hill have linked aid for El Salvador to impossible conditions, thus effectively abandoning an ally. But this is a skirmish, not a showdown.

Congress by its votes has shown no willingness to cut off aid to El Salvador or to CIA-backed cabele in Nieuwant I is contributed.

backed rebels in Nicaragua. It is ont about to risk appearing to coddle Marxist-Leninists in an election year. And the administration. meanwhile, is stuck with a flawed, unworkable policy. It all spells deadlock.

Here is the strongest case Mr. Reagan puts for pouring still more money and weaponry into El Salvador: The challenge from the guerrillas has been contained, death squad murders have declined, a presidential election is in the works. And the Salvadoran army is desperately short of arms when it needs them most — to protect the election coming up on March 25 against leftist violence.

Yes, but. In the last three years, the United States has been sending steadily more aid to El Salvador, but the territory controlled by insurgents has increased. The death squads are less active, but their sponsors are still in place — and the killing of civilian noncombatants continues at the grisly rate of 100 a week.

Even if Congress voted emergency military aid, the help would not be available before the election. No doubt some leftists will defy an

opposition pledge not to disrupt the election. But the real political threat comes from the rightist candidacy of Roberto d'Aubuisson, who considers Christian Democrats to be crypto-communisis. A victory for him would be worse than an embarrassment; it would pose the choice of abandoning democracy or

abandoning El Salvador to the guerrillas.

To avoid that nightmare choice, Mr. Reagan is plainly prepared to use all the leverage that aid can provide. Hence the dubious linkage of African famine to Central American guns, and bence Mr. Shultz's alarums. But Democrats, ton, are playing a game. They are no more ready than the president is to end aid to El Salvador so they insist instead on their own conditions, involving buman rights.

In this narrow space, there is room for productive compromise. U.S. pressure can produce change. It took three years for Mr. Reagan to send a blunt warning to the Salvadoran armed forces to end death squad killings. Someone, somewhere then gave orders to

heed the warning.

So wby not condition further aid on the way El Salvador treats its own people? One sound proposal before the House would condition existing levels of help on presidential certification of human rights progress. Any more aid would require more: proving the elimination of death squads. This would provide real in-centive for achieving what Mr. Reagan insists is the goal of American policy. A deal on these lines would begin to build national support for what is now a partisan policy.

- THE NEW YORK TIMES.

Pray for Tolerance

In forcing a Senate vote on his prayer amendment. President Reagan rejects the prayers of many senators for deliverance from a cruel choice. To vote for the amendment is to e desecrate the religious neutrality that is a cornerstone of American liberty. To vote against

y it is to appear an enemy of God.

r. Senators have been denied the customary evasions that buffer them against voter wrath
 on other issues. Senator Orrin Hateh of Utah, c deferring to the president, voted to kill his own amendment for silent prayer, which many senators have considered as a compromise of sorts. Senator Alfonse D'Amato of New York, II boping to appease his diverse constituency, cannot get a vote on his proposal to require that the proposed classroom prayers be "non-

If some voters consider school prayer a motherbood issue, then some senators will have to be politically brave when their names are called on Tuesday afternoon, They may find some comfort in what the Senate itself is learning through the extended discussion courageously forced by Senator Lowell Weicker of Connecticut: This supposedly popular amendmoot loses appeal with exposure. Consensus starts to unravel as soon as anyone asks whose

prayer will be recited. And what about the children and their parents who want their own prayer, or none?

President Reagan's answers are not reassuring. He stipulates that officials may not "compose the words of any prayer to be said in public schools." But that would not forbid teachers from choosing among prayers, or from holding a classroom "election" on a mat-ter of deep personal conviction. Excusing those children with the courage to dissent won't spare them from feeling the opprobrium of peers or teachers.

The Supreme Court, the target of so much abuse from Mr. Reagan and the religious right wing, made a great contribution to religious peace with its toterpretation of the First Amendment iwo decades ago: Government must not favor religion, disfavor religion, or favor one religion over another.

Such neutrality will never satisfy those who feel that religion, important to our private lives, also needs a place to public life. But no one has yet devised a way to give it that place without offending some religious - or nonreligious - citizens. The court saw how vital this tolerance was for most Americans. So let it be.

- THE NEW YORK TIMES.

Other Opinion

Poles at Cross Purposes

Poland is not the only country where the separation of church and state is hitterly debated, nor is it the only country where the status of religion in schools remains unsettled. But only in Poland has a government minister felt compelled to deny that riot police were of students at the removal of crucifixes from their college,

Marx, of course, called religion the "opium of the people" hut perhaps even [the Soviet leader] Mr. Chernenko has forgotten that Marx also said: "Religion is the sign of an oppressed creature, the heart of a beartless world, just as it is the spirit of a spiritless

- The Times (London).

Iran's Demand May Be Right

Iran has earned considerable international opprobrium by sending children to fight an apparently aimless war. But Iraq's record is no less dismal.

It is, therefore, surprising that the Arab League foreign ministers should have chosen to maintain silence on widespread allegations of Iraqi use of chemical weapons.

The UN secretary-general, Mr. Pérez de Cuellar, is to be commended for sending an investigating team to inquire into Iranian charges to this connection: Iraq's reported opposition to the move may have already lent some credibility to the complaints.

While the specter of more fundamentalist ayatollahs in West Asia cannot be a reassuring one, one cannot overlook Iraq's initial responsibility for the war and Iran's demand for

compensation as a condition for ending it may not be entirely unjustified.

- The Statesman (New Delhi).

Britain in Defense of the EC

The British government, far from jeopardizing the EEC, is to the vanguard of the moveit. It really is rather silly to accuse the government of referring to our fellow members in terms more appropriate to coemies. It is in-deed probably only to friends that one can speak in such a way.

Yet tone still matters. There will be a lot of sparring in Brussels hut, so long as Mrs. Thatcher speaks of Europe's future as well as Britain's, it need not turn nasty.

- The Daily Telegraph (London).

Mrs. Gandhi Meets the Sikhs

Prime Minister Indira Gandhi announced she will travel to Punjab to meet with Sikh leaders. What they will talk about is the 18month Sikh campaign for religious and politi-cal concessions — or what amount to autono-my for one of India's richest farming states. India's tenuous unity has been threatened before by large-scale outhreaks of violence over religions, language and regionalism. But trouble between Sikhs and Hindus is a new —

and very volatile — development.

Since Punjah lies on the sensitive border with Pakistan, the government has been hint-ing that Islamabad is fanning the flames of sectarian strife. Mrs. Gandhi over the last six months has bluntly accused Pakistan of making "preparations for war."

- The Jakarta Post.

OH LOPD, IF I PLEASE, GOD PASS THIS EXAM. MAKE MARCI DEAR GOD T'LL DO ALL LIKE ME AS DON'T LET HIM IN HEAVEN. MUCH AS I MY HOMEHORK FOREVER! MAKE THESE CALL ON LIKE HEP! PIMPLES 60 ME, LORD .. · cood 100000.... AWAY OH LOPD. WON'T YOU PLEKE, GOD BOY ME A MAKE THIS HOUR LET IT BE MERCEDES 60 BY PEAL THREE O' CLOCK ! BENZ. PUBLIC SCHOOL **田田田田田田** a stall by the Made for Markets Good

U.S. Should Look to Europe in the Prayer Debate

WASHINGTON — Might an immigrant from Britain, a country with an established ehurch, mandatory school prayer and all the trimmings, be permitted a reflection on the controversy over school prayer in the United States?

Before it was closed amid bloodshed in 1972.

the Stormont parliament of Northern Ireland had, chiseled on its facade, the slogan "A Protestant Parliament for a Protestant People." It was that slogan, and the mentality it exemplified, that led Ulster to its present hideous impasse. Yet the slogan was not merely rash and nasty (if you don't like Catholics, after all, Ireland is an odd place to choose for your country of residence). It was the beritage of a 20th-century identification between church and state.

Watching the debate on prayer in the public schools, I wonder if Americans realize how lucky they are not to have an established church. Where I come from, the Act of Settlement, dated 1700, forbids the heir to the throne to marry a Catholic, and states in marvelous liturgical terms that "the descent of the Crown in the present Protestant line is secured" by the said Act. It continues: "Any person who shall be reconciled to, or hold communion with, the See or Church of Rome, or prefers the Popish religion or marrys a Papist, is excluded from inheriting, possessing or enjoying the Crown and in such case the

people are absolved of their allegiance." Clear? It is not just an antique either — as was demonstrated when Prince Charles was rumored to be courting a Catholic princess from Luxem-bourg. All of our archbishops and hishops are appointed by the prime minister, acting in theory on the advice of the queen, who is in theory and practice the head of the Church of England as well as the head of state. The senior 24 of these By Christopher Hitchens

bishops sit to the House of Lords, where they can

and do vote on legislation.

One piece of legislation on which they did vote was the 1944 Education Act, which stipulates that the school day shall begin with a religious assembly — which means a Protestant one. The act provides for the right to abstain from the assembly. Many are the Jewish and atheist childron who discover, either to the playground or from the pious members of the staff, what that right, if exercised, can mean. This is, after all, the country that invented the WASP, or white Anglo-Saxon Protestant.

Far from succeeding in its purported purpose
to keep the British Isles free from the taint of Popery — this policy has actually entrenched sectarianism in the schools. In large parts of Scotland and Northern Ireland, as well as elsewhere to the kingdom, the Roman Catholic Church has also developed a vested interest in religious education and equally staunchly resists any suggestion of common secular schooling. In Belfast, military and police patrols are needed, at the end of a school day, to keep apart the two groups of school children who began their day with different sets of prayers.

The idea that citizenship was denominated by religion was — with the exception of Northern Ireland — perhaps tolerable while Britain remained a society that was roughly homogenous ethnically. But since World War 11, Britain has become the host to large Hindu, Moslem and Sikh communities, as well as many other smaller non-Christian denominations. Most of these believers are former colonial subjects, and their

children are making it impossible, or at any rate undesirable, for many head teachers to obey the law. It is, said one headmistress in Bradford, Yorkshire, a choice between skipping the morning prayer meeting or baving perhaps half the kids skipping assembly. Since her job is educa-non and not religious instruction, she has opted

for the former. From the window of my room when I was an undergraduate at Oxford, I was greeted every morning by the sight of the Martyn's Memorial, commemorating the burning alive of several bishops for their heresies in less-enlightened times. It is part of our long history, and we cannot disown it. But why should the United States, which is founded on ethnic pluralism and which was designed as a refuge from the feuds of old Europe want now to emulate the least workable and least admirable parts of our tradition?

As in medieval Europe, those who wanted to impose prayer on others are demonstrating not their confidence in their own faith, but their lack of confidence in it. Thomas Paine, a great Englishman and a great American, was a devout man and not the "filthy little atheist" that Theodore Roosevelt once called him. He did see clearly, though, that the United States of America (a phrase he invented) was ton diverse for religious standardization. Paine left the England of George III and William Pitt to order to escape the use of established religion as a political weapon. How dismal it is to see Americans yearning for the very orthodoxy that their country was

The writer, a columnist for the political journal The Nation contributed this comment to The Washington Post.

moasse continues.

first installment, virtually every pack-

Slowing down the hectic expansion

of military procurement can be only

one part of an adequate deficit-re-

duction program. Budget restraint

Reagan's Deficit Needs More Than a Quick Fix There is a cogent, practical reason for stressing military spending re-straints. Except for the quick fix in-

ST. LOUIS, Missouri — The "first installment" of deficit reductions agreed upon by the White House and Republican Congressional leadership is a useful first step. It is also a quick fix and a poor precedent for further rounds of fiscal restraint.

The reliance on patchwork changes in the tax structure (which constitutes one-third of the package) is hardly an approach that merits further use. Take the decision to tighten up on income averaging, which was originally designed to help people with fluctuating incomes who were paying disproportionately higher taxes. Income averaging was a good idea and still is. Making it less effective raises revenue but does nothing to advance

the idea of tax reform. In military spending (another third of the package), it is disheartening to note the continuing failure to tackle the most important question: controlling the procurement of new weapons systems. This is the most rapidly growing category in the mili-tary budget; current schedules imply production rates higher than those at the peak of the Vietnam War. The compromise relies instead on reducing readiness and shaving military pay increases. These are short-term expedients; worse, attempts to trun pay increases could make it more difficult to attract good people to the volunteer force.

By Murray L. Weidenbaum

fn civilian spending, the proposed in fiscal 1985, a \$100-billion cut in adjustments to cost-of-living in1986 and a \$150-billion cut in 1987.
The onus would then be on Congress ployee pay raises can be justified in the short run. But they, too, are oneUnfortunately, when serious hud-

Alarms about uncontrolled deficit spending have become familiar. Deficits keep interest rates high. Deficits are potentially inflationary. Deficits compete with investment. Deficits reduce our industrial competitiveness by making the dollar more expensive to foreign customers. The White House knows this and

shot measures.

so does Congress. But the longer they wait, the worse the problem will get The Budget and Accounting Act of 1921 gives the president responsibility for preparing the budget. But one ingredient was uniquely missing from Mr. Reagan's January hudget: proposals to reduce the deficits to the levels he deems appropriate. This glaring omission effectively gave the leadership role to Congress, which is ill-equipped to handle it.

The continuing budget impasse can be broken only if the president takes charge by amending the budget in a major way to make up for his original omission. He should now prepare a further package of specific deficit-reducing actions. A reason-able target would be a \$50-billion ent spend money.

get cutting gets down to specifics, the discussion rapidly degenerates. De-fense procurement is too important, entitlements too difficult to control beyond tinkering with cost-of-living adjustments and the remaining items too small to fuss with. Thus, large tax increases bubble up in Congress as the reluctant response.

This would be the wrong way to go. The 1981 tax cuts were a historic accomplishment. It would be unfortunate if they were reversed. The tax cuts must now be earned by implementing meaningful spending cuts.
This means that the president and Congress must finally, courageously face up to the fundamental overrun that has occurred in the military hudget in the past three years. From the target of 5-percent annual growth in real military spending that candidate Reagan presented in 1980, the Penta-gon budget has crept upward to 10 percent or more. Surely the U.S. mili-tary posture has not deteriorated in the last three years. What is more, national security does not increase by

must extend to entitlements, farm subsidies, aid to business, the Corps of Engineers and other areas. The goals of fairness and deficit reduction will be served by extending budget cotting to the point where it achieves the old Congressional Budget Office maxim, "Good hudgeting is the uni-form distribution of dissatisfaction," Serious budget curting still lies ahead. But it will require sustained presideotial leadership.

The writer, Presidem Reagan's first chairman of the Council of Economic Advisers, is director of the Center for the Study of American Business, at Washington University in St. Louis. He contributed this comment to The New York Times.

Syrian-Style

By Stephen Rosenfeld

WASHINGTON — The crazy thing about the Lebanon situation is that while the efforts at reconciliation may easily fail, it is also possible that the process will succeed and that — irony of ironies — it will come the course of the process of the pr come out not far from the place where the United States might have brought it if it had known how.

For Syria, which the Reagan administration continues to identify as its nemesis in and about Lebanon. appears to be pursuing a course whose results may be quite consistent with U.S. aspirations for a somewhat settled-down, pluralistic and unoccupied Lebanon.

Basically, Syria has accomplished its mission, which was never to imits mission, which was never to im-pose a domestic design but simply to assert dominance in the highly con-spicuous foreign policy field. Having compelled the Gemayel government to abrogate its U.S.-brokered pact of last May 17 with Israel, the Syrians' evident residual purpose is to remove Lebanon from the center stage.

President Hafez al-Assad's man at the Lebanese reconciliation talks at Lausanne, Switzerland, has been heard observing that Syria has a loo on its mind — its next check from the Saudis, one might guess, or the Iran-Iraq war — and cannot wait for the Lebanese to solve all of their own problems. Secretary of State George Shultz says the same.

Does anyone think that Mr. Assad a member of a minority group who rules by the iron fist, wishes to estab-lish himself in Lebanon as patron of a fair model of national power sharing? Come on. It could kill him at home We are speaking of a man who rules not by consent but by fear.

Mr. Assad saved Lebanon's Christians in 1976. This time he has put Syria's weight behind the Shiite and Druze challenge to Amin Genayel. But they are discovering that Syria has its own agenda at Lausanne.

The first item is a cease-fire. It is a positive sign that the two main enter-nal disturbers of the peace. Syria and Israel, seem to have their own reasons to let this happen. That leaves con-summation of a cease-fire to the Lebariese, who, though they value ven-geance dearly, also value life dearly. We shall see.

The second item is political reform Already it is evident that Damascus does not want the early, ambitious changes the Shiites and Druze have demanded. Lausanne is looking at the modest fixes Mr. Assad suggested in 1976 - such as changing the Christian-Moslem ratio in partia

ment from 6-5 to 5-5.

"Power sharing" is a fine slogan But there is not much central, national power left to share. The panies have spent the last 10 years reducing the size of the national pic to the point where, geographically, it consists of the palace grounds at Baabda. Cabinet seats may now be rearranged in a government of "national unity." But, for instance, the militias do not corporated to last week's proposed salute the minister of defense.

The more ambitious changes await age of substantial budget cuts prejected because it attempted to reduce the growth of military procurement. That makes it difficult to win support for large reductions in civilian programs and the fundamental hards. for large reductions in civilian pro-grams, and the fundamental budget non will go on for years. It is all very gradual, bourgeois and American

Damascus is going to insist on foreign policy hegemony and Lebanon's general "Arab" orientation, something not inconsisteot with commu-ing Lebanese links with the West The Assad regime will also hold on to Lebanon's intelligence, if only to remain able to kill Syria's opponents in Lebanon. Its military withdrawal may not soon go beyond "regroup ing." Pragmatically, however, Syna has anthorized Beirut to negotiate "security arrangements" with Israel. In short, Washington lost some face and balance to Lebanon, Syria is

calling the shots. But the shots Syna is calling do not assault U.S. interests. Notwithstanding Mr. Assad's Soviet support, the United States may not end up at a strategic disadvantage. With a lot of luck, Lebanon could stay Lebanon. The United States could luck out.

The Washington Post.

The Good Times Can Roll and Fall FROM OUR MARCH 20 PAGES. 75 AND 50 YEARS AGO

1909: Reviews on Teddy Roosevelt NEW YORK - Theodore Roosevelt's retirement from the Presidency calls out varying comments on his record. The Cleveland "Plain Dealer": "The feeling has gained strength that a bull in a china shop is not necessarily a bad conjunction, and that some kinds of china ought to be smashed anyway." The Syracuse "Post-Standard": "Serious faults in our national life were waiting to be corrected when Mr. Roosevelt came into power. Doubtless the nation needed a man of furious zeal, indomitable will and strenuous ideals to correct these things. Such a man was found," The Boston "Globe": The President has stubbed his toe many times in his distinguished career and got many slivers in it and not a few also in the hand whieb swings the big stick."

1934: The Nuts and Bolts of Dieting NEW YORK - Mabel Wolf, 476 Eastern Parkway, Brooklyn, was regarded here as a physical phenomenon and literally codowed with "a stomach of iron" after surgeons at Kings County Hospital had removed from her digestive tract 1,203 pieces of hardware. De-spite the ordeal of the operation surgeous said that with sufficient rest and an orthodox diet Miss Wolf would regain her full health. The woman confessed to surgeons that in a period of one week during the past five years while employed in the hardware department of a large department store she had swallowed the buge collection made up of tacks, nails, screws, pins, beads, wire, glass and bolis. Asked why she had gone on such a diet, the woman replied: "I guess I did it to be funny."

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N EW YORK—It is a custom of the political season that presi-dents seeking re-election take credit for good times and promise better times ahead. Ronald Reagan is no exception. What he has not reckoned on is the business cycle, which may well create a starkly different climate sometime in the next 18 months, perhaps even before the election.

Already, signs of trouble have overshadowed White House optimism. The stock markets have been falling and recently reached their lowest levels in nearly a year. The deficits give no signs of diminishing.

The attention of politicians and pundits has focused, with good rea-son, on the deficits and the monetary policies of Paul A. Volcker, chairman of the Federal Reserve Board. The national debt could well triple by the end of the decade, crowding out private investment, slowing — possibly crippling — any recovery. If, on the other hand, Mr. Volcker rapidly expanded the money supply, it might set off another disastrous round of rising prices and wages. It is a Hobson's choice at best, but only part of a

more foreboding story.

Market economies are characterized by the regular turn between decline and recovery. Since World War II, the United States bas gone through eight such cycles, with the last year and a balf representing the What worries economists is that, By Richard Parker

like waves in a gathering mid-Atlan-tic storm, the distance between the peaks of recovery and the troughs of recession has been growing larger with each decade. In the 1950s, for example, taking the peaks and the troughs of the cycle together, unemployment averaged 3 to 4 percent; by the 1960s, it was 4 to 5 percent; by the 1970s. 5 to 6 percent; in the 1980s, so far. 7 to 8 percent. Inflation has been growing steadily worse, too, along with trade balances, national deficits

and savings rates. The president would rather that the voters did not notice this and predicts that the United States will see steady growth through the cod of the decade. But, despite similar bopes by previous presidents, the United States has not seen such a period in 40 years — business cycles have routinely intervened. A recent poll showed that 77 percent of the top American husiness

leaders expect a recession soon, ques-tioning only whether it will begin next year or the year after.

Voters, battered by recession and weary of recession fears, may choose to ignore the warnings. They do so at their peril, particularly when you consider the history of the cycle's

soft on closer examination. Fourth-quarter profits last year rose a widely

reported 64 percent over the fourth quarter of 1982. But fourth quarter 1982 was the trough of the last reces-sion, and if 1983 profits are adjusted to discount the distortions created by extraordinary one-time gains and losses — including AT&T's \$5.5 billion write-off at divestiture — the gain last year was only 16 percent. If, as seems likely, the U.S. econo-

my dips downward next year from this fragile plateau, the effect will be painful indeed. Foreign capital, which helped fuel this recovery, will look elsewhere for security. The dol-lar, overvalued by nearly a third, will fall. As businesses defer new investment and hiring, unemployment will rise. A slowing economy will reduce federal revenues, worsening deficits. Historically, in the days before Reaganomics, the U.S. government turned to the old Keynesian tonic of deficit spending to spark a recovery. Given today's deficit levels, it is a

tonie that will be hard to swallow. It may be too much in an election year to ask politicians to look beyond the election. But given the dangers posed by the next economic downturn, voters may have to decide that there is no choice.

growing severity.

To begin with, the celebrated for Mother Jones magazine, contributional of the current recovery looks at this view to The New York Times.

LETTERS TO THE EDITOR

Lebanese Reconciliation

Ghias el-Yafi's letter ("A Voice for the Lebanese Mainstream," March 5) has expressed what many Lebanese believe: In any reconciliation process the Lebanese who reject the old sectarian regime and the discredited confessional parties must have their say. Only then can reconciliation be

MYRNA BUSTANI.

Turkish Tyranny

A retired U.S. Foreign Service officer living in France, I feel compelled by conscience to speak out against the Reagan administration's calculat-ed indifference to overwhelming evidence of unwarranted arrested, imprisonment and even torture of countless innocent citizens in Turkey, where the United States has been intimately involved ever since the military takeover there in 1980.

A Turkish language specialist with over seven years of experience in Tur-key (I last served as head of the United States Information Agency's Istanbul office during the mid-1970s),] have known personally a number of persons now languishing in Turkish jails. Some are members of the Turkish Peace Association. During my time these people were without exception peaceful, upright citizens developed the prayer, so the spiritual the prayer, so the spiritual accomplished. At the same however, the sentence prevent dents from interpreting the prayer conveying factual knowledge. voted to democratic principles and I have no reason to suspect they may have changed.

Turks who share our democratic ideals are not only victims of the present regime but of our current national leadership's penchant for political expediency as good relations at the highest echelon remain the overriding objective.

JAMES K. WELSH JR.

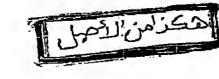
A Compromise on Prayer When we went to lunch the other

day, we found ourselves at odds over the school prayer issue. Without debating all night, indeed not spending any more than our usual half hour a lunch, we reached a compromise. Verbal prayer in public schools should be permitted if it is voluntary.

nondenominational, of short duration, and immediately preceded by the clearly spoken statement from the teacher, "Science has ont proved the existence of God." We believe this compromise is sal-

isfactory because it permits religious expression without abusing the school's educational purpose. The prefatory sentence will not interfere with the with the purely religious content of the prayer, so the spiritual aim is accomplished. At the same time. however, the sentence prevents stu-dents from interpreting the prayer as

WAYNE EDISIS. ALAN STOCKMAN. Geneva.



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an Tanger

By Hebe Dorsey International Herald Tribune ONDON -- One of the models on the runway had a run in her stocking, another bad dust on her minisknt. But far from being offensive, this was like a breath of fresh air after the overpolished Milan fashions. lo London, where fashion still feels like a happening, the best

LONDON FASHION

thing was oot the clothes themselves but the authentic spirit behind them - spontaneous, free, eccentric and fun.

London fashion is back with a vengeance, and people are predict-ing that the '80s will be comparable to the swinging '60s. Lord Snow-don, for one, said: "I think so. Although it's hard to tell when

N.Y. Museum Given 249 Works of Art

TEW YORK — A gift of 249 works of art from the collection of the McCrory Corp., includmg examples from every major 20th-century geometric abstract style or movement, and a \$1.75millioo cootribution have been made to the Museum of Modern "Art by the corporation.

The gift of paintings, sculptures and works on paper, which will be known as The Riklis-Lindner Collection of McCrory Corp., was selected by the museum from the 1.000 works in the corporation's collection. Meshulam Riklis is the chairman and Carl Lindner the vice. chairman of the Rapid-American Corp., parent company of the McCrory Corp.

The works in the collection are by such major 20th-century artists -as Josef Albers, Jean Arp, Robert Delaunay, Vasily Kandinsky, Fer-nand Leger, El Lissitzky, Kasimir Malevich, Alexander Rodchenko and Charles Sheeler. All the works are within the tradition of geometric abstraction that took shape around early 20th-century Russian avant-garde styles such as Con-structivism, Suprematism and Rayonism. Other movements and styles represented include Purism, De Stijl, Abstraction-Creation and the Banhaus. The period covered by the works is 1911 to 1981.

Off Streets to Runways you're on the inside. The '60s were overemphasized. A lot was going on in the '50s. People forget."

Androgynous Tide Rolls

The difference from the '60s is that London, probably tired of being copied right and left, is now showing signs of getting organized. For the first time, more than 200 top British dsigners showed together, March 16-19, under one roof. This resulted in an interesting compination of established names such as Caroline Charles, Emanuel or Anthony Price, with new young names, who are trying to tap their street fashion talent into serious business. The latter was organized in several groups, including the In-dividual Clothes Show, Design Studio, Clothes Show Collections, the Exhibitionists and Amagalmated Talent. Steady British designers such as Jean Muir and Zandra Rhodes showed separately, Muir in her showrooms and Rhodes at her home, while Anthony Price showed at a nightclub. The Hippodrome. There, the show off the runway. with waitresses in white tutus, was in a par with the show on the run-

For the first time, the British industry and government, realizing the talent that is at their doorstep, are also encouraging young design-ers. Cyril Kern, chairman of the British Fashioo Council, said, "Fashion comes in waves. It so happens the wave is moving toward London. So it's given me much easier support than I would have had, say, 10 years ago."

Kern, who owns Reldan, a leading British women's wear company, added, "We've had a recession and we're probably one of the last countries to get out of the recession. So you get much leaner, fitter businesses, you try harder, you look for new design, more creativity to survive." Saying he is very "fashion oriented," he hired Sheridan Barnett a few months ago hoping to turn him into a British Calvin Klein success story.

Four weeks ago, Marks and Spencer launched a new line made by six fashion students, which was tremendously successful," accord-

Strictly fashion speaking, the most interesting trends to come out of thes London weekend were a eneral cleaning up of the streetclothes a la Norma Kamali. There had style, as did did her Van Dong-



Long overcoat on street (left), on runway in design by Anthony Price.

was not a his-and-hers, unisex look, The Individual Clothes Show, with about 30 designers showing capsule collections, had a lot of untamed promise plus a weirdness, a bizarreness at which the British are unique. These were not clothes for people who like their fashion all thought out for them. With strange shapes, and even stranger color combinations, this was fashion ou-

beavy brown leather, a rampant trend here.

Bodymap, a favorite with the

rock star Boy George, was a delight because both its style and delivery typified the close tie between rock music and fashion. As Malcolm McLaren put it: "lo England, fashion and music are synonymous. Betty Jackson had an interesting the streets, the movement in the fashion look, a burst of shorescent and original collection with the ac- streets and the way you're going to colors, long skirts in all kinds of cent oo anatomically accented dance, the way you're going to on Saturdays, Body Shop sells hair

They go hand in hand. It's all about shapes and a strong influence of the jumpsuits. Her long, V-oecked chehealth-and-fit craze — with long mises of black or brown cottons announce yourself. It's all about ways of using it, including the johns and all kinds of stretch streaked with bold black strokes having a good time." McLaren, who was the partner of Vivienne was also a distinct firming up of the en hats, circled with dark knit westwood in World's Ends, was Scrunge (this one "tousled and androgynous look, with girls io bands. Shoes were heavy brogues the first to integrate fashioo and scrunged to give a permanent leaptboys clothes, but, unlike the '60s, it topped by socks and striped hose. Westwood in World's Ends, was Scrunge (this one "tousled and

Big, baggy pants were field with film about fashion and will come loose suspenders and belted with out with his own collection pext

Hair in London is very much in, both oo and off the runway. With wind-blown haystacks or Prince Valiant bobs, creamy-faced, big blue-eyed models had an innocent and terribly British doll look about them. This gave the androgynous clothes the siy, ultra-feminine edge it oeeds to be really attractive.

On King's Road, where street fashion is still thriving, especially ways of using it, including the Spike, the Monican, the Crop, the Crimp, the Bob, the Afro and the

West Germany's 1-Man Band

By Michael Zwerin International Herald Tribune

BADEN-BADEN, West Ger-B many — Joachim-Ernst Berendt began his radio career by playing Jimmy Lunceford and Benny Goodman records over a German army radio station during the siege of Leningrad in 1943. "I know Leningrad very well," he says. "I looked into it every day for two

While he had been drafted into a Panzer division, his father, Ernst, a Lutheran minister, died in Dachau for having been a member of the anti-Nazi resistance. And though Berendt's superior officer thought swing might he good for morale, you could go to jail for histening to the "decadent Negro-Judaic" music, as Goebbels called it, that he was broadcasting to his fellow sol-

"It was totally schizophrenic," says Berendt now, "But Glenn Miller was very popular in Germany before the war. I became a jazz fan in 1936, listening to Benny Car-ter's 'Lazy Afternoon' over Radio Luxembourg. I told this to Benny

later, and he bugged me."
One of the most influential, intelligent — and controversial figures on the international jazz. scene, Berendt played a key role in making West Germany a prime jazz market after the war. He has written 21 books on jazz, translated into 16 languages. "The Jazz Book" has sold more than 1.3 million copies, and he claims, "It is the only book on jazz to have crossed the million mark. As a matter of fact I am 100 percent sure it is also the best-selling book about any

kind of music. The more than 250 record albums he produced include the series "Jazz Meets The World," fusing American jazz with the music of Bali, Japan, India and other countries. He organized the American Folk Blues Festival, which introduced leading U. S. blues artists to European audiences in the '60s. He started the Berlin Jazz Days festival in 1964, and co-founded the Südwestfunk, the Southwest German Radio and Television Network in 1945, which he calls "one of the great miracles of my life."

Born in 1922 in Berlin, he built a primitive transmitting apparatus at home at the age of 15, broadcasting to family and friends in other rooms. He wanted to work in radio, but after being wounded and finally making his way to Baden-Baden after the war to take care of family affairs, survival was more on his mind than a career.

He was hired by the French occupation forces as "combination porter, gofer, translator and refugee processor. They were happy to find someone from an anti-Nazi



Joachim-Ernst Berendt

family to work for them. One day, just like that, an information officer asked me if I wanted to help them start a radio station. I don't know why he asked me. I had never talked to him about radio. I tell vou, it was a miracle.'

Starting with a few hours of general programming a week from a mobile unit once used for Nazi pro-paganda, Berendt halped build the SWF into one of Germany's major broadcasting organizations. He used his co-founder power to program more jazz than any other German TV or radio station.

"We were the spearhead," be says. "Radio can educate people. The availability of the music created the interest. We promoted concerts, sponsored contests for amateur musicians. We were the first to play bebop. The other stations were against bebop at first and then jumped on the bandwagon. I always played the avant-garde. I played Lenny Tristano, Ornette Coleman, the Art Ensemble of Chicago, before anybody. Before they were known in America, the Art Ensemble gave a concert in Baden-Baden. I do oot make compro-

Although few question his devotion and accomplishments, Berendt has an abrasive side. "He opened many doors, but eventually lost his sense of balance, thinking, 'I am the first, the greatest, the only," a record producer in Hamburg said. He genumely believes he invented European jazz," commented a radio executive in Berlin.

There was a vitriolic exchange of letters in the German press between Berendt and his successor as director of the Berlin Jazztage, Swiss keyboardist and composer George Gruntz. Berendt brought up this subject without prompting. Seated in his tastefully furnished house on a hill in a suburb of this historic spa, he seemed subdued, genuinely perplexed.

"Gruntz owes me the best job he

to leave I used all my power to get him hired. Everybody in Germany said the new director should be German. But I said it should be a musician and Gruntz is one of the only musicians I know who writes letters and keeps files and returns calls. And as soon as he took over, he turned against me in a violent manner. I don't understand, he seems to hate me. I never saw anything like it."

Berendt's most recent book, actually a 24-page booklet, "Nada Brahma — The World Is Sound," published last fall, has nothing to do with jazz. "Nada means 'sound' in Sanskrit," be explains: "Brahma is a Hindu God. But the book is not about India. Whatever is written about far away people and ancient times is equivalent — if understood correctly — with the findings of modern science: cosmologically, morphologically, biologically, mythologically, harmonically and astrophysically. What I try to prove is that the world is made of sound on spiritual and scientific

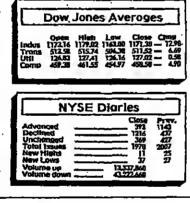
He writes about Tibetan monks who can sing an entire chord by themselves, about pulsars that sound like bongo drums and casta-nets, about the sound of the sea and spheres. "Recent experiments have made the sounds of the planets audible. Mercury makes a quick, busy, chirping sound. Mars slides several notes up and down. Saturn trembles, deep and scary. The eight protons of oxygen form, in their different energetic levels, a C-ma-

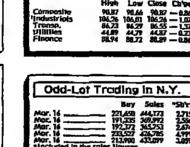
"Musical sounds are created by the friction between the solar wind and the earth's magnetic field. Photosynthesis occurs in a barmonic progression. Myths and legends which tell that the world begins with sound can be found in many cultures - Aztec, Eskimo, Persian and Indian, for example. The psalmist David composed a verse which includes the lines: 'Sing unto the lord a new song. . . . Let them praise his name in the dance; Let them sing praises unto him with the timbral and the harp; Praise him with the sound of the trumpet; Praise him with the psaltery and the harp. . . Praise him with the stringed instruments and organs. Praise him upon the loud cymbals.

"Since God created the world by sound, all music refers to God and therefor all music is first and foremost a praise of God."

Joachim-Ernst Berendt will narrate a series of lectures on "The World Is Sound," with actors, musicians and recorded illustrations: East Berlin, April 1; West Berlin, April 2: Cologne, April 5; Hamburg, April 8; Ludwigshafen, April 9; Munich, April 10.

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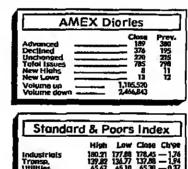


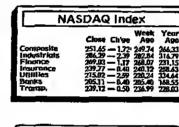


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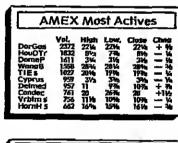


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NYSE Skids in Light Trading

rose 1/2 to 40. The White House said Friday it NEW YORK — The New York Stock Exchange skidded for the first time in six sessions

Monday after major U.S. banks raised their rate higher.

Enstar jumped 4 to 164. Roy Huffington, a Houston oil investor, is seeking control of the company to dispose of it. (Page 11.)

Warner Communications was second on the active list, off ½ to 22%. Warner agreed to buy

back 5.6 million of its own shares held by Rupert Murdoch for \$180.6 million. Chris-Craft Industries, which owns a large stake in Warner, added 1 to 28%. AT&T was the third most active, off 1/2 to

16%. Offshoot U.S. West, which declared an initial quarterly dividend of \$1.35 a share, lost ½ IBM was fourth on the active list, up ¼ to

Among the other high-technology issues, Teledyne lost 1% to 168%, TDK 1% to 60%, Tektronix 1% to 58%, Minnesota Mining & Manufacturing 1% to 76%, Digital Equipment I to 914, Motorola 14 to 115 and Hewlett-Pack-

ard 1'4 to 37.					
General Motors dropped 1½ to 67, Ford 1¼ to 38½ and Chrysler 1¼ to 27. Automakers,					
which have enjoyed booming sales this year, could be hurt by the rise in interest rates.					
Banking stocks fell. Ciricorp shed % to 33%, First Chicago ½ to 23%, Bankamerica ¼ to 20%. Chemical ¼ to 46%. Bankers Trust ½ to 43%, Manufactuers Hanover ½ to 36% and Texas Commerce Bancshares 1% to 44%.					
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TUESDAY, MARCH 20, 1984

FUTURES & OPTIONS

Pressure Rising for Change In the Trading-Pit System

By H. J. MAIDENBERG

EW YORK — When the Chicago Mercantile Exchange's computer system "crashed" Friday, it out only handcuffed traders using the world's second-biggest futures market for several hours, but to many in the industry it served as a reminder of the paralysis engulfing the current system of trading in these markets.

The paralysis stems from the fact that the traditional method of anctioning futures contracts by hand signal and open outcry by floor traders positioned around a pit is becoming less effective each day as public participation in these markets continues to

each day, as public participation in these markets continues to swell the volume of orders.

Such is the crush in an active pit that floor traders cannot see or hear each other within the small trading arena and often must deal with those who are closest to them physically. As one floor trader explained: "During a volatile period, you can have 10 orders hit the pit at the very same instant and get with executions at 10 dif-ferent prices. I won't even talk

Industry leaders seek to make transactions more orderly.

about the outtrades, our fancy word for errors, that are killing

This factor, combined with the proliferation of new futures and options, has contributed to the shrinkage of brokerage profits, the sharp rise in costly order-execution errors and, in an alarming number of cases, the inability to execute orders at specified prices during periods of price volatility, the very time when traders are

during periods of price volunity, the very time when traders are most eager to do business.

"We can't go on this way much longer without the whole system of trading crashing one day," said John J. Conheeney, chairman of Merrill Lynch Futures Inc., the largest futures commission merchant. "There isn't a person in the industry who wouldn't agree that the system is breaking down, but we don't see any concrete moves toward a solution, which is the most frightening arment of the problem." ing aspect of the problem."

The recent moves by all the Chicago exchanges, which handle roughly 80 percent of futures trading, into vastly larger quarters is not the answer, Mr. Conheeney said, adding: "While the Chicago exchanges are much more efficient than those in New York during volatile sessions, the basic problem is not one of space but of systems. The New York Stock Exchange handled 2.5 million shares on the day that I first walked on that floor as a Merrill Lynch trainee over 30 years ago. Today, that same space has handled more than 100 million-share days without any trouble. However, it is obvious that the Commodity Exchange Center here has just about reached its physical limits.

Mr. Conheeney stressed that he was not advocating "a black box," or automated trading system. What he and many other industry leaders have suggested is the breaking up of the traditional trading pit. "We could, for example, have separate pits of a particular market given over to arbitragers, hedgers, spreaders and small orders from the public, instead of having these operations lumped together," he said. "This would sharply reduce the floor population and result in far more orderly transactions," he

Gerald Tellefsen, senior vice president of the consulting firm of Booz, Alien & Hamilton Inc., who has been working on the problem with all segments of the industry for the past 16 years, agreed with Mr. Conhecuey's suggestions. But he noted:

There is little chance of any progress toward any solution until their trading system falls apart; until their physical and financial pains become unbearable, which may be sooner than many of them think. While the futures industry has been and will in the most innovative sector of the marketplace, it is also the most tradition-bound. Thus, the exchange members will oot automate, for cultural reasons as well as the fear that they will lose control over their markets."

But, Mr. Tellefsen predicted: "Eventually, futures trading will have to be automated, because their business is fast becoming global in scope. Whether or oot the new innovators will, as the domestic automakers learned the hard way, come from overseas, the losers will fight it at every turn and be unprepared for its inevitable introduction."

The winners, he added, will be those who realize two things. "One," he said, "that they will not get this overseas business or, for that matter, the coming wave of domestic institutional futures and options business, without automating their operation. Second, that automation and the introduction of modern methods does not mean loss of control over their markets."

Trade Gap At Record In U.S.

Current Account in \$41-Billion Deficit

Compiled by Our Staff From Dispatches
WASHINGTON — The broadest measure of U.S. foreign trade
reached a record deficit of \$40.8
billion last year, the Commerce Department said Monday.

The 1983 current account deficit compared with a \$11.2-billion shortfall in 1982 and far surpassed the previous record deficit of \$15.5 billion in 1978. The current account incorporates merchandise trade and trade in services, includ-ing interest payments on invest-ments abroad.

The United States has run a merchandise trade deficit every year since 1975, but that is usually offset by a surplus in nonmerchandise

The current account showed a surplus of \$4.5 billion as recently as 1981, then started sliding downward. Many analysts predict that the deficit will be even larger this

The country's trade woes are blamed primarily on a strong dol-lar, which has made U.S. products relatively expensive and thus harder to sell overseas while making foreign goods relatively inexpen-sive. In addition, economic recov-ery in other nations has lagged behind the U.S. recovery.

The Commerce Department re-

port said that a services surplus of \$28.4 billion last year was not enough to offset a record merchandise trade deficit of \$60.6 billion and an \$8.6-billion outflow of "unilateral transfers," such as foreign

The merchandise trade deficit ballooned from \$36.4 billion in 1982, reflecting a rise in imports of \$13.1 billion to \$260.8 billion and a drop of \$11 billion in exports, which totaled \$200.2 billion for the

The report blamed this imbalance oo rapid U.S. economic ex-pansion and limited recovery in major industrial markets abroad, dollar appreciation against major currencies and debt problems in

developing countries."
The \$28.4-billioo surplus in services was down from \$33.2 billion in 1982 while unilateral transfers increased \$600 million from \$8 bil-

year, the quarterly current account Higher domestic interest rates

Data Resources Inc. in Lexington, said. Massachusetts, said Monday.

tion's trade posture worse, he said, by raising the value of the dollar



Boeing Accord Boosts Japan's Aircraft Firms

By Steve Lohr New York Times Service TOKYO - Now it is aero-

Japan has become a relentless. world-class competitor in industries from cars to semiconductors. And now, through an agreement signed Thursday between a Japanese consortium and Boeing Co. to jointly develop a medium-sized jet airliner, Japan's aerospace industry moves one step closer to the major status it wants so badly.

The pact with Boeing also sheds light oo how Japan plans to become a pillar of the global aircraft industry: It will seek to steadily enlarge its partnership role with the giants.

In the last few years, there have been many anxious predictions that sooner or later Japan would mount its assault on the aircraft business, just as it has ed it.

oons of Western industrial su-premacy. One hears the warning that foreign rivals will be com-peting with a "Toyota of the

Given Japan's history of suc-cess in fields ranging from steel to semiconductors, such fears would hardly seem misplaced.

Yet the Japanese aerospace companies and the Ministry of International Trade and Industry have their own fears. Japan's first solo foray into the civil air-craft industry in the postwar years was a technical success but a commercial flop.

The twin-engine turboprop, the YS-11, was designed for short flights and carried up to 60 passengers, depending on the seat configuration. It was a decent design, analysts say, but oot enough airlines wanted or need-

Production was halted in 1973, with 182 planes sold and no prospect of ever breaking even. More than \$100 million in government loans were reportedly vritten off.

Since then, the market has become far tougher. The cost of bringing a new ardiner from the drawing board to the market-place has soared to up to \$3 billion for the airframe alone, excluding the engines.

Start-up competitors would also enter a field dominated by three giants — Boeing, McDon-oell Douglas Corp. and Airbus Industrie, the European govern-ment-backed consortium. And some analysts believe that three builders may be more than the market can sustain.

Accordingly, Japan has decided that this is a market where friends are valuable. "It is only (Continued on Page 11, Col. 6)

U.S. Banks Raise Prime to $11\frac{1}{2}\%$, 14-Month High

By Jane Seaberry

Washington Post Service WASHINGTON — Major U.S. banks raised their prime rates Monday to 11½ percent from 11 percent. The new rate was the high-est since January 1983 and the first increase since August,

After the rates had been raised, the dollar rose in European trading. It ended the day in New York at \$1.438 to the British pound, a strengthening from \$1.448 Friday, at 226.63 yen, up from 225.1 Friday, and at 2.638 Deutsche marks, up from 2.635 Friday. up from 2.625 Friday.

An increase in U.S. interest rates generally leads to increased strength in the dollar against other currencies, but some analysts said the market had already partly dis-counted the increase in interest rates, which was partly behind the dollar's rise last week.

Some analysts said the prime could rise to 12 percent before the

The increased prime was the first major bad economic news this year for President Ronald Reagan, who is seeking re-election partly on the claim that he lowered unemployment and inflation and raised the level of economic activity.

The prime rate is the base on which banks compute interest

charges on short-term business loans. Large, credit-worthy bor-rowers frequently borrow at below the prime rate, while small businesses typically pay one or two percentage points above the prime.

Many analysts attributed the rise

in interest rates to uncertainty about how the administration and eral budget deficit.

Congress will handle the large fed-·But the robustness of the economy was also blamed by some analysts for the increase in the interest rate. Private credit demands, pardemand for money and pushing interest rates upward, they say.

Although the increased prime may look bad for the Reagan administration, economists said that it is not expected to about the economy's expansion, partly because Americans have gotten used to high interest rates and because money is still available for lending.

If anything, the higher prime will probably slow growth only slightly, the analysts said.

Many analysts had been expecting the prime to increase because other interest rates have started ris-

Many analysts said Monday that they think the Fed already had begun tightening credit conditions in an attempt to keep inflation under control and slow growth to a more sustainable level.

Some analysts, however, said Monday's increase was just the be-

"Unless there's some abatement in credit market pressures in the next few weeks" the prime could reach 12 percent by April or May, said William V. Sullivan Jr., senior vice president for money-market research at Dean Witter Reynolds

■ White House Restrained

A White House spokesman played down Monday the significance of the rate increase, predicting that the rise would not hamper the U.S. economic recovery, The Associated Press reported from Washington,

"During the first quarter, the re-covery has cootinued to be strong in the face of these small increases in some interest rates," a White House spokesmao, Larry M. Speakes, told reporters, "There's little reason, in our opinion, to ticularly business borrowing, have think that the increase in the prime begun to rise, increasing the overall rate will hamper the recovery.

U.S. Personal Income Rises 0.7%

United Press International

WASHINGTON — U.S. personal income climbed 0.7 percent in February, the smallest increase in seven months, following January's record surge in income, the Commerce Department said Mon-

billion, topping the \$12.1 billion percent in February, the first de-posted in the third quarter. percent in February, the first de-cline since August.

make the trade situation worse, spread across the board, from fac- in February, compared to a 5.3-Roger E. Brinner, an economist at tories to farms, the department

January's 1.5-percent rise in in-The latest increase in the prime come, revised upward in the latest rate, which began moving half a report, was helped by a 3.5-percent point higher to 11.5 percent Monpay raise for federal civilian and day, can only help make the namilitary employees.

caoon of how much economic growth is possible in the near future. Income gains have been fairly strong throughout the U.S. eco-

A slowdown in automobile pur-chases was the major reason for the that's data positive whose it is stail, and thus making U.S. exports more chases was the major reason for the and thus making U.S. exports more decline in February spending, the department said. Earlier this mouth the narrower measure of re
(AP, UPI)

A stown in animation to provide the report on spending reinforced indications from earlier reported and that February, figured yearly, compared with \$14.1 billion in January was far stronger than first reported and that February.

for February.

Personal income — pay before income taxes but after Social Security withholding — increased \$20.9 income would amount to annual per-capita income of \$10,619, up \$73 from January. rate, to \$2.922 trillion, the depart-ment said. Disposable income, af-For the final three months of the car, the quarterly current account that spending dropped 0.7 percent in February.

With income up but spending down, the savings rate accelerated The increase in income was to 6.1 percent of disposable income percent average for the preceding January's increase in disposable

Personal income is a rough inditure. Income gains have been fairly and salaries went up \$7.2 billion in strong throughout the U.S. eco- February, compared to \$18.1 bilnomic recovery.

tail sales showed a 0.2-percent drop any failed to keep up the pace, ana-

The January increase in dispos-

able personal income was 1.6 per-cent, slightly more than the 1.5percent gain for all persooa income, and would amount to a \$156 increase in the per-capita anqual income.

personal income was I percent, the Commerce Department said.

At annual rates, private wages lion in January.

clearly what they intend doing about this," Mr. Regan said.

Mr. Regan, who arrived in Beij-

ing Sunday, said that one purpose

of the joint economic session was to improve commercial des in prepa-ration for President Ronald Rea-

gan's visit to China oext month. Mr. Regan is scheduled to meet

China's prime minister, Zhao

Mr. Regan said other goals for his trip include furthering negotia-

tions on an investment treaty that

would clarify conditions under

which U.S. businesses operate in

He said he also hoped to discuss with Chinese officials the transfer

of high technology to China and a recent case in New Jersey in which

several people were accused of smuggling high technology on be-half of China China has denied

Ziyang, Tuesday.

FIDELITY SPECIAL GROWTH FUND

Societé Anonyme d'Investissement 37, rue Notre-Dame, Luxembourg R.C. Luxembourg B 20095

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the ebolders of Fidelity Special Growth Fund, a societé anonyme orgadunder the laws of the Grand Duchy of Luxembourg (the "Fund"), will be held at the principal and registered office of the Fund, 37, rue Notre-Dame, Luxembourg, at 11:00 a.m. on March 29, 1984, specifically, but without limitation, for the following purposes:

Presentation of the Report of the Board of Directors:
 Presentation of the Report of the Statutory Auditor;
 Approval of the balance sheet at November 30, 1983 and income statement for the fiscal year ended November 30, 1983;

 Discharge of Board of Directors and the Statutory Auditor;
 Election of eight [8] Directors, specifically the re-election of all present Directors. Messrs. Edward C. Johnson 3d, William L. Byrnes. Charles A. Fraser, Hisashi Kurokawa, John M. S. Patton, Harry G. A.

Seggerman and James E. Tonner and Finimtrus.

6. Election of the Statutory Auditor, specifically the re-election of the present Statutory Auditor, Maurice J. Sergant.

Election of the Statutory Auditor, specifically the re-election of the present Statutory Auditor, Maurice J. Sergant.
 Approval of such amendments to the Articles of Incorporation as are necessary or appropriate to enable the Fund to adopt the status of a "societé d'investissement à capital variable" and to eliminate references therein authorizing use by the Fund of a repurchase subsidiary in repurchase Fund shares, including amendment of Article 3 to change the purposes of the Fund, Article 5 to change the amount of and manner of determination of the amount of the capital of the Fund, a portion of Article 22 to change provisions as to the limitations on assets available for repurchase of shares, the dissolution of the Fund and the status of reacquired shares, a portion of Article 24 to change the manner of determination of the Net Asset Value of shares, including by incorporation of the Fund's Valuation Regulatious into said Article, Article 25 to change various provisions as to subscription for shares, Article 25 to change various provisions as to subscription for shares, Article 25 to change provisions as to a legal reserve and to change amounts available for payment of dividends, and Article 32 to change references to certain laws to which the Fund is subject, and deletion in their entirety of Article 7, relating to changes in the amount of the capital of the Fund, and Article 23, relating in creation of surplus accounts.
 Consideration of surplus accounts.
 Consideration of such other husiness as may properly come before the meeting.

Approval of the above items of the Agenda will require no quorum and will be given by the affirmative vote of a majority of the shares present or represented at the Meeting, except that the amendments referred to item 7 will require the affirmative vote of two-thirds of the shares present or represented at the Meeting, Subject to the limitations imposed by law and the Articles of Incorporation of the Fund, each share is entitled to one vote. A shareholder may act at any meeting by proxy. The amendments referred to in Item 7 will all be voted on as one

proposal, rather than voting on each amendment separately, and if approved will become effective as soon as possible after the Meeting. The full text of the above amendments in substantially their recom

needed form and a letter to shareholders explaining the reasons for the recommended change to the status of a societé d'investissement à capital variable is being mailed to holders of registered shares along with this notice of meeting. Copies of these documents will be made available to holders of bearer shares who so request by contacting the Fund at 37, rue

By Order of the Board of Directors

CURRENCY RATES

Late interbank rates on March 19, excluding fees. Official fixings for Amsterdom, Brussels, Milan, Paris, New York rates at 4:00 pm EST.

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	Tokyo	227.00	226.49	25.42	27,79	13.40 *	75.27	419.25 *	104.37	_
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All prices in U.S.S per surice.

Bank Base Rate Cutt Maney

France

By Christopher Wren New York Times Service

BELJING - China's minister of finance, Wang Bingqian, told the U.S. secretary of the Treasury, Donald T. Regan, Monday that China wants to expand China-U.S. trade. He demanded that the United States start by eliminating discriminatory legislation against Chinese imports.

Mr. Wang spoke to Mr. Regan at the fourth annual session of the China-U.S. Joint Economic Commission, which opened in Beijing Monday. The commission was set up in 1979 to promote bilateral economic and commercial rela-

"The present scope of our bilateral trade is not big enough and is far from commensurate with the population, resources, production capacity and market of the two countries. We should try by various means to expand our trade." Mr. Wang was quoted as telling Mr.

He urged that Washington abol-ish all kinds of restrictions on goods made in China, an apparent reference to quotas imposed on Chinese textiles, footwear and other inexpensive imports. Portions of his remarks were circulated after the meeting by the Xinhua news agency.

Chinese-U.S. trade last year was that of 1982, after China stopped that of 1982, after China stopped buying U.S. grain to protest U.S. quotas on Chinese textile imports. \$4.4 billion, down 15 percent from that of 1982, after China stopped new textile agreement was signed last August. In halting its buying China failed to meet its commitment to buy a minimum of 6 million tons of

ihis year.

U.S. grain a year under a four-year agreement, falling 2.2 million tons short of its obligation. It has since

promised to make up the purchases

U.S. and China Reach Tax Accord

China Says It Seeks to Expand Trade With U.S.

BELIING - The United States and China have reached agreement on

a tax treaty that U.S. government sources say is the most liberal that Washington has ever negotiated with a developing country.

The agreement will be initiated Wednesday by the U.S. Treasmy secretary, Donald T. Regan. The formal signing is scheduled for next month, when President Ronald Reagan visits Beijing for discussions with Chinese leaders.

The new treaty will encourage joint ventures between U.S. companies and China, and the sources said it indicated that China is increasingly easer for stronger commercial des. Mr. Regan declined to discuss details of the tax treaty until Mr. Reagan has reviewed it.

between the grain and textile accords, and China's default has cember and that the U.S. delegaraised questions about its reliabil- tion would raise the issue at the ity in meeting other agreements.

current talks.

Mr. Regan, before the joint session opened, said in response to a their intentions are, because this is question that the United States the last year of the agreement and wanted China to renew the grain we'd like to know a little more involvement.

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Big Coal Project Div. Yiz. PE Sig. 1009-Hilan Low Quer. Crive Hammer Says In China to Go On

BEIJING — Armand Hammer, chairman of Occidental Petroleum Corp., has reasured Chinese leaders that a 5500-million venture with China to build the world's largest open pit coal mine will go ahead, the official China Daily said. Monday.

The proper said is had learned from the control of the proper said is had learned from the control of the proper said is had learned from the control of the proper said is had learned from the control of t

Monday.

The paper said it had learned from the Chinese Coal Ministry that Mr. Hammer had sent a letter to China's leaders, including Deng Xiaoping, explaining that recent speculation in the press that the project was near collapse was unfounded.

schedule to fly to Beijing to conclude the agreement, the paper said, but it do not say when.

The project entails the development of a mine. in China's central coal mining area of Shami province that would produce 15 million tonsea.

Occidental's investment is estimated to be up to \$350 million, and there have been persistent rumors, including some in the Chinese press, that the company has been having difficulty raising the money.

TVA Board Approves Settlement With Gulf

The Associated Press

KNOXVILLE, Tennessee --- Tenne ley Authority directors approved a \$70-million settlement with Gulf Corp. in a uranium price, fixing suit Monday, ending one of the largest U.S. antitrust cases.

U.S. antitrust cases.

Gulf was the last of 12 uranium producers to settle out of court with the TVA after seven years of litigation that brought the federal utility more than \$180 million in cash and goods.

The TVA sued Gulf and other U.S. and foreign companies in 1977, alleging that they conspired to raise the world price of uranium from \$6 a pound in 1972 to \$41 a pound in 1975.

TVA lawyers reached the settlement with Gulf and a subsidiary, Gulf Minerals Canada Ltd., Dec. 22 as the case was coming to trial in federal court in Chicago. Gulf directors approved the settlement soon afterward.

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Hammer Sall Wisiness Roundup

Big Coal Project P&O Says Pretax Profit Rose 68% rose to 316 pence, but later eased to the weekend that Trafalgar I cided oot to make a new big cided oot to make a new bi

Make a sign The Partie ... AFE Land MATTER TO CO. Bong Stranger Salda G. Cpare ...

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arCommission Monday welcoped a request by 12 companies for common computer stidards in the European Committy, starting in 1985, KATINTELL

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tors.

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No. of the

ntalbteam Navigation Co.'s preex pofit last year rose 68 percent £3.66 million (\$82 million), or 8.2 ence a share, from £33.55 nillio, or 14 pence a share, in 982 the company reported Mon-

Reenuc rose 7.5 percent to £1.3 billion from £1.22 billion. The fividend for the year was increase 25 percent, to 12.5 pence.

Innediately after release of the figure, which had not been sched-uled he price of the group's stock

E to Examine

Omputer Plan

RUSSELS — The Europe-

schat the companies can make albeir products compatible.

common standards would

bisi competition and could

cinter the dominance of Inter-ninnal Business Machines

drp., which controls more

un 40 percent of the Europe-

a market, the 12 companies

d the proposals, issued Fri-

y, were in line with long-term

immunity aims to catch up th the United States and Ja-

e practical aspects of ample-centing the proposals and will

e carrying out a widespread

ensultation of governments,

sers, national authorities and

ddustry," the spokesman said.

OMPANY NOTES

n the way to the company's fourth

P group's two other contract ar-

Fujitsu Ltd. says it expects par-at company sales to be a record

2 trillion yen (\$53.3 million) in the year ending March 31, 1985. or the fiscal year now ending. Fu-Lisu will report after-tax profit of -3 billion to 44 billion yen, up

bout 18 percent, and current prof-

of 75 billion on sales of 980 illion, all records. Last year taxed

rofit was 37.53 billion yea, current

rofit was 63.02 billion and sales

General Electric Co., a major harcholder in Toshiba Corp., re-

ently sold 30 million Toshiba hares in Tokyo to Japanese securiies houses, Reuters quoted oshiba sources as saying. The purces did not name the securities

3M will be allowed to set up the fist venture in China wholly oned by a foreign company, the Juhua news agency reported in hijing. It said a partial agreement hi been reached and a memoranto signed for 3M to rent a factory

ir Shanghai to make electrical ties, insulating resins and other Martin Marietta Corp.'s Denver

Avspace Division in Mississippi is been awarded a \$390-million cutract to produce 21 external fuel taks for the U.S. space shuttle.

Metallgesellschaft AG returned

tprofit in the year that ended last

Adjusted for recent 2½ for 1 stock solit. Prices in U.S. dollars

Quote as of March 20, 1984.

rsi Commerce Securities b.

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vere 806.77 billion.

as were also abandoned.

commission spokesman

man, said Monday that it was in followed by the commission's ineveryone's interest to rapidly re-vestigation, was unsettling for cussolve the question of a renewed bid tomers and employees.

Britain's Monopolies and Mergers Commission last week cleared the way for a bid for P&O by Trasfalgar House PLC. Trafalgar's offer, which valued P&O at about £290 million, had lapsed automatically million, had lapsed automatically million. cally upon referral to the commis-were improving and consequently

There was press speculation over proving profits.



there will be opportunities for im-



Board Member Seeks Control of Enstar

Compiled by Our Staff From Dispatches

The filting said Mr. Huffington
NEW YORK — Roy M. Huffplans to attempt in elect board
negton, a major shareholder and members "committed to bringing about the sale of the company, ac- ble." cording to a filing to be made Monday with the Securities and Exchange Commission.

Mr. Huffington is a Houston in-

vestor who holds a seat on the energy company's board. 28.2% Rise Predicted

In Japanese Profits

TOKYO - The net profit of

cent from a year earlier, the Fi-nance Ministry said Monday. Nearly 6,000 companies, exclud-ing banks and insurance compain in information technology thin the next decade. "The commission is studying

ington, a major shareholder and members "committed to bringing director of Enstar Corp., plans to about a sale or merger of Enstar on wage a proxy battle to unseat the terms which will maximize share-present management and bring holder values as promptly as possi-

> John Patton, secretary and general counsel of Roy M. Huffington Inc., said Sunday, "We're giving nooce that we plan to solicit prox-ies for the annual meeting." He declined to say more.

The filing with the SEC said Mr.

He and his company own 13.4 percent of Enstar's common and preferred stock, making him the company's largest shareholder. Last August, Mr. Huffington

and his company attempted to increase their stake in Enstar. He agreed to buy Enstar stock from Tesoro Petroleum Inc. at \$31 a share, but after Enstar's board issued the preferred stock, Tesoro terminated the agreement.

Most of Enstar's production is in Huffington would try to take con-trol of Eastar's board at the annual \$30 million, or \$1.24 a share, on meeting May 24. His position as a revenue of \$349 million last year.

British Caledonian Reports '83 Profit

LONDON - British Caledodependent airline, announced Monday a pretax profit of £3.2 million (\$4.6 million) for 1983, ending two years of losses.

Sir Adam Thomson, said that British Caledonian was holding talks pulp, textile, chemical and nonfer- on selling stock to raise £150 milrous-metal sectors are expected to lion to finance plans to take over

ing directors only for just cause.

Board vacancies would be filled by

a vote of majority directors, and

Airways, its main competitor.

£655,000 loss in 1982, partly because it had to to cut back its South American routes during the Falklands War between Britain and Ar-

U.S. Imposes Controls on DEC Exports

New York Times Service

commercial-aircraft business," said

Osamu Watanabe, director of MI-

TI's aircraft and ordnance division.

ing signed Thursday in Seattle, the

Japanese group — comprising Mit-subishi Heavy Industries, Kawasa-

ki Heavy Industries, Fuji Heavy Industries and Japan Aircraft Do-

velopment Corp. - will own 25

percent of a joint venture that will develop, produce and market the

new plane. Boeing will hold at least

a 51-percent equity position in the

The Seattle-based company may enlarge its share later. But other foreign companies might also buy a stake in the Boeing Japanese ven-

ture, according to analysts here.

The names frequently mentioned as candidates include Aeritalia, Ita-

ly's aerospace company; Canada's DeHavilland; Hawker-DeHavil-

land of Australia, and Fukker nf

Since the late 1970s, the Japa

nese companies have participated with Boeing to help develop and produce Boeing's 767, which has about 50 seats more than the 150-

seater. In that project, the Japanese

side has a 15-percent share in the

plane, making sections of the fusc-lage and fairings that wrap around the joints between the 767's wings

In the 767 agreement, the Japa-

nese assumed part of the develop-

New Seoul Law Requires

Minimum Paid-In Capital

SEOUL - South Korea's legis-

Previously there was nn require-

the Netherlands.

Under the letter of understand-

NEW YORK — The Commerce Department has imposed major restrictions on Digital Equipment Corp. to control the export of its compoters, several months after one of the company's most sophis-ticated machines was seized en route to the Soviet Union.

The restrictions require Digital to obtain individual export licenses from the Commerce Department before it can ship any of its com-puters to West Germany, Norway or Austria. All three countries are considered prime "diversion points," where a major competer system can change hands quickly and be smuggled into East-bloc na-

Digital, the world's second-largest computer maker after International Business Machines Corp., is also being required in furnish the government with detailed information about all its overseas customers for its sophisticated line of VAX computers and how those customers intend to use the equip-ment VAX is suitable for numerous military applications.

Industry experts say Digital is the only company currently operating under such restrictions. And they say is not clear whether the Commerce Department's action was directly linked to the shipment seized in November - in which government investigators say Digi-tal appears blameless—or whether it is part of the broader effort in Washington to stem the flow of Western technology to committee aligned with the Soviet Union.

But the tighteein of the flow of lature has approved a law that requires stock corporations to have a minimum paid-in control of the stock corporation.

But the tightening of exports has million won (about \$63,000), effecprompted concerns from other tive Sept. 1.
manufacturers who believe that the Previously the restrictions will soon be applied to ment on the size of stock corporathem, perhaps even before the curtinns. Under the revisioo, the rent debate over revising high-tech- minimum face value of a share will nology export controls is complete. be raised to 5,000 won from 500.

Pact Boosts Japan's Aircraft Firms ment costs, estimated at \$150 million, in return for a share of the through cooperation that Japan can participate significantly in the profits, if any. The government provides about balf the funds through conditional loans, mean-

ing that they will be paid back on the condition that there are profits. The investment by the Japanese consortium will be much larger for a 150-seater. There are no firm estimates of the cost because many details between the Japanese and Boeing must still be ironed out.

However, analysts here, assuming that the basic development costs will be \$1.6 billion, figure that Japan's share would amount to more than \$400 million. The larger the ante, the greater would be the

Japanese group. The new plane is not expected to

be available before mid-1989. More important than the enlarged financial stake to the Japanese is the broader participation in the project.

In the 767 program, the Japanese side was bule more than a subcontractor. On the new plane, though the Japanese will "participate in all aspects of the program, including development, production, sales and support." the agreement states.
"This time we have a genuine

partnership with Boeing," said a spokesman for Mitsubishi Heavy Industries.

ENERGY INDUSTRY LEADERS WORLDWIDE ARE MEETING AT



GULF ENERGY CONVENTION 84

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Undar tha chairmanship of H. Ex. Mr.Yousif A.Al-Shirawi The Minister of Industry & Development of Bahrain, the conference faculty consists of senior speakers from: Int. Energy Agency of OECD; EEC Energy Commission, Saudi Basic Industries Cnrp.(SABIC) Kuwait Inst.of Sciantific Research, Flunr Corp., B.P., Chase Manhattan, University of Liverpool, Gulf Petrochemical Industries Corp.& others.

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Japanese companies in the six months ending Sept. 30 is expected to increase an average of 28.2 per-

nies, were surveyed in the study, the ministry said. The increase in the current six months ending March 31 is estimated to be 20 percent, it added. The steel, paperlead the rise, it said.

British Petroleum Development September, and earnings were against takeover attempts, the comtal. has abandoned its third well in enough to make up for the previous pany says. Shareholders will be us. South China Sea, and its rig is year's parent company balance asked to reclassify the board into the way to the company's fourth sheet loss of 16.8 million Decusche three groups, with one-third elected

te in the area, according to a BP marks (\$6.46 million), the company each year, and provision for removpokesman. The first wells in the said in Frankfurt. It gave no furing directors only for just cause.

U.S. Steel Corp. will ask share-

AL-MAL MANAGEMENT CO. SA. —(m) AL-MAL Trust _______ \$ 137,76

holders at its annual meeting May! changing bylaws would require a to approve several steps to guard two-thirds stockholder vote.

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- (d) Bank JULIUS BAER & CO. Ltd.
- (d) Baerbond SF 137.25
- (e) Constair SF 172.00
- (e) Grober SF 172.00

ther details.

nian Airways, Britain's largest in-

The chairman of the company,

some rontes of state-owned British gentina.

The airline was largely responsi-ble for the improved results of its parent company, the Caledoman Aviacon Group, which reported pretax profit of £3.3 million, more than double that of 1982. British Caledonian had a



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W. Germany Widening Role in East's Economy

By John Tagliabue New York Times Service

wagen to deliver trucks and an en consumer goods.

announced last month for Volks- als and semifinished products and

Mew Fork Times Service

BONN — For years, the announcements at the weeklong Leipzig trade fair followed a pattern: A Western company agreed to supply an Eastern-bloc country with a ready-to-use industrial plant.

But at last week's fair, there was a striking change in the pattern. As overall East-West trade remains stagnant, West Germany is coming up with imnovative ways to stabilize its trade relations with East Germany. In the process, Bonn is playing a widening role in East Germany oy's economic life, to the distress of neighbors, both in the East and West.

Last week's agreements, for example, included one for West German companies to roll East German companies to roll East German connected last month tor Voiks-wagen to deliver trucks and an engine consumer goods.

The economic news out of East Germany varies these days. On the one hand, young East Germany to the chilly climate for bank lending to be tween to East and West Germany rose 8.5 overall 2.3-percent in 1983, to the equivalent of \$5.9 billion, far outpacing West Germany's overall 2.3-percent in an economic minister, said he was assured last week by his East least year enjoyed perhaps the greating that East Berlin's 1985-89 five-output in improving its hard-currency deht situation, because of a larger trade balance and a \$3.96-tonic and other capital goods.

Solution for consumer goods.

The economic news out of East Germany varies these days. On the one hand, young East Germany varies these days. On the one hand, young East Germany is considered between the chilly climate for bank lending to be chilly climate for bank lending to be cause of a low industrial morale and economic malaise. West Germany is overall 2.3-percent in 1983, to the equivalent of \$5.9 billion, far outpacing West Germany is overall 2.3-percent in definition of the chilly climate for bank lending to be castern Europe. Trade between the chilly climate for bank lending

healthier trade balance, Eas Ger-many has deepened industrial and financial contacts with Wes Ger-many, with which it does tearly two-thirds of its total Vestern

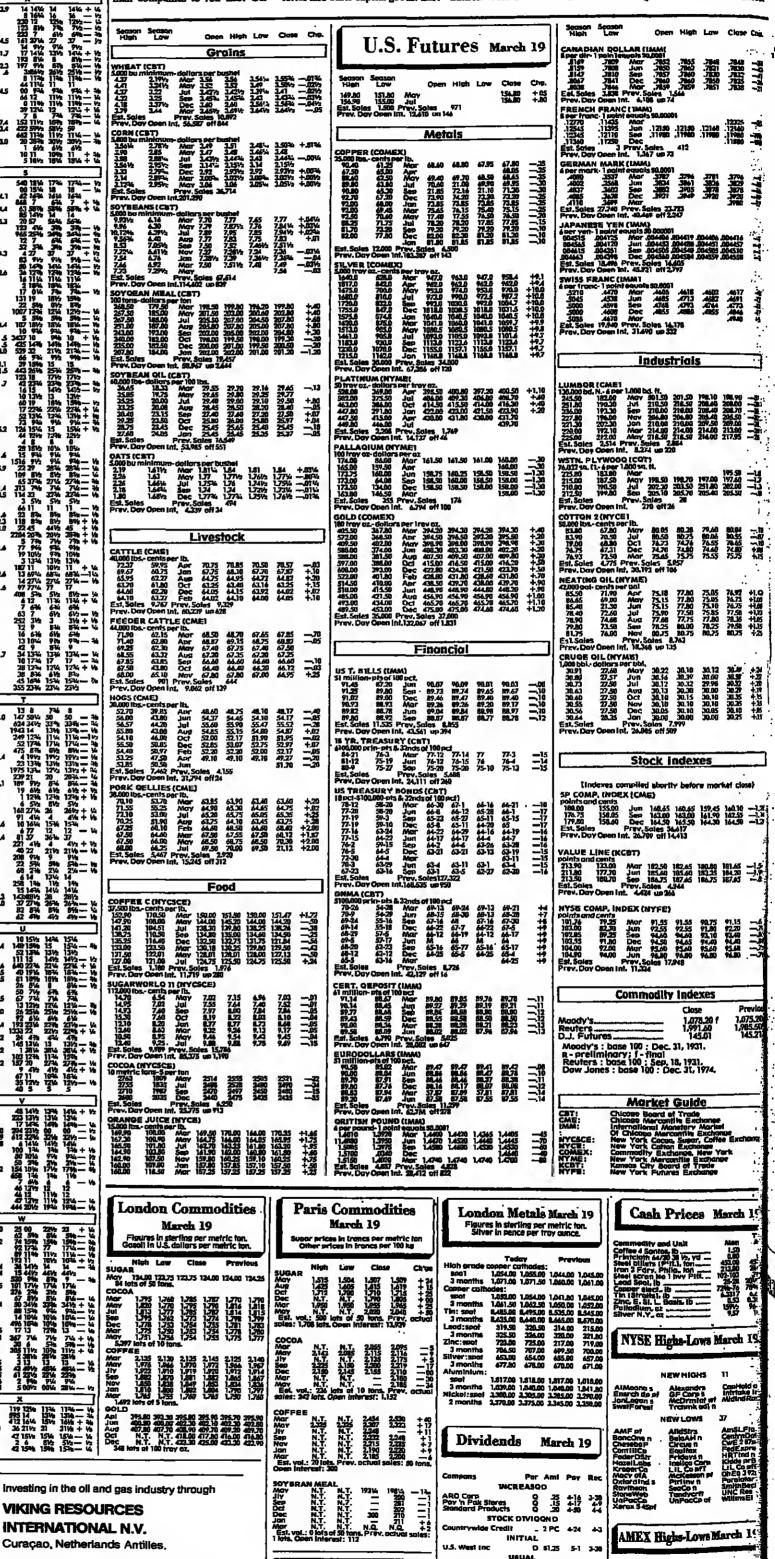
West German purchasin officers tend to balk at East German bureauerney, which slows eineries, and at the shoody quany of goods. But comparison

backs.

But the agreements jur announced illustrate the efform develop new kinds of cooperation.

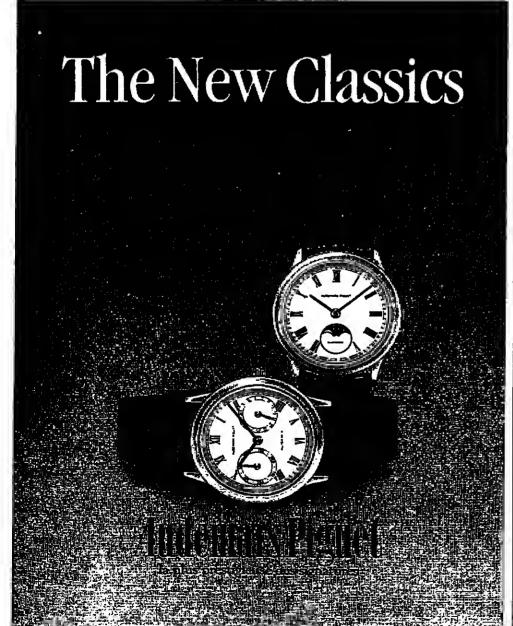
nounced illustrate the efforts develop new kinds of coopeation.

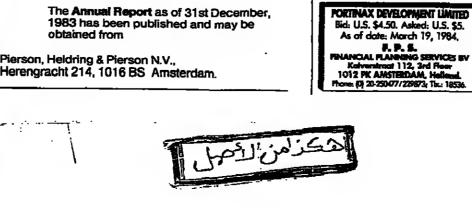
Many German industrializes say the next step will be cooperation in third markets. Siemens has aready teamed with East German primer selling electric rail cars in Geog.



4-17 3-50 4-30 4-10 5-13 4-25 4-15 4-1 4-17 4-3 4-17 4-3 4-17 4-2 5-5 3-30 5-1 4-16 6-15 5-24

NEW LOWS





The **Annual Report** as of 31st December, 1983 has been published and may be

TUESDAY, MARCH 20, 1984

Yen Expected To Strengthen **Against Dollar**

ust's Econom

LHTHE

By James S. Altschul

TOKYO — Experts generally agree that the yen will strengthen moderately against the dollar and European currencies in the next few months. At the same time, they do not predict any upheaval on the foreign-exchange markets.

"I think, for a change the consensus is right. But I don't see anything "I think, for a change the conscisus is right. But I could dramatic. The Asian market as a whole is very stable," said Gary Gray, who president and manager of the resources management department at vice president and manager of the resources management department at Bankers Trust's Tokyo branch. Most forecasts put the yen at about 225 to

Mr. Gray cited three factors that should cause a gradual appreciation of the yen — an election year in the United States will make some investors nervous about holding dollar assets; capital has been flowing into Japan at a healthy clip (January's figures set a record), and the Japanese are showing somewhat less interest in acquiring dollars.

"I'm not saying the capital outflow out of Japan won't continue," be

said. But it won't be quite enough to offset Japan's mammoth current-

· Mr. Gray believes that dollar interest rates will remain stable this year even more steady than they were last year, although there may be some unward pressure on short-term rates toward the middle of the year. "The growth of the economy will have more of an impact on tax receipts than people are projecting," he said. He predicts a U.S. budget deficit of \$165 billion or \$170 billion, instead of the \$180 billion most observers atticipate. There may, however, be a little more loan demand in the United States during the second half of this year.

Peter Skorpil, vice president and Japan treasurer at Citibank, also foresees a drop in the dollar to the 225-yen level by June — but because he thinks that U.S. interest rates will decline somewhat. He does, however, hedge this prediction, because he is not sure which way the U.S. economy

is heading.
! Referring to the U.S. Federal Reserve Bank, he said, "It's quite clear that the Fed doesn't know either. I think, like everyone else, the Fed is vaiting to see what bappens."

Mr. Skorpil believes that the Fed's actions hinge on what economic picture develops. "It is clear that the Fed has become less monetarist over the past year or so than it was between 1978 and 1982. So there's no kneejerk reaction by the Fed to wide swings in the weekly money supply," he said. He thinks that if the economy appears to weaken, the Fed will ease up a little. If the economy continues to grow at a pace of 4 to 6 percent, the Fed will stay neutral. And if the economy seems to be heating up, the Fed will gently apply the brakes.

"If I have to be pinned to a forecast, I would see a continuing modest slowdown in the economy, a decline in interest rates, and a weaker dollar as a result," Mr. Skorpil said. He puts the dollar's value at 225 yen and 2.50 Deutsche marks in June. Other people have been talking about different influences on the dollar's value, especially the U.S. trade and budget deficits. "But of course, these factors were with us a while back," Mr. Skorpil pointed out.

'I really don't want to characterize this as a dramatically weaker dollar, but as an adjustment." he said. He quickly added an important caveat:
President Ronald Reagan's conservative policies have been good for the dollar. If a perception developed that a Democrat would win, the dollar would weaken dramatically.

Most Japanese forecasters place the dollar at an average rate of 225 yen to 230 year during fiscal 1984, which begins on April 1. Seiya Nakajima, an economist at C. Itoh, the giant Japanese trading house, disagreed. He predicts a dip in the dollar's value during the second quarter of this year, because of a drop in the U.S. Treasury's cash needs to about \$40 billion from \$52 billion this quarter. And U.S. economic growth will slacken somewhat. Consequently, U.S. interest rates will drop by half a point in

But Mr. Nakajima believes that the dollar will spend most of 1984 in the 230-235 yen range. He listed three reasons. "Interest rates are still the monstrous factor in the determination of the dollar's value against other currencies," be said. Mr. Nakajima thinks that while the Fed may expand the money supply in the short term, it will preserve "monetary discipline"; over the long haul.

Secondly, Mr. Nakajima pointed to the U.S. economy. Lags in some statistics, such as those for housing starts, do not worry him. He is impressed by the strength of private fixed investments, which grew at a rate of more than 20 percent in the fourth quarter of 1983. A Commerce Department survey indicated that business intends to increase fixed

Investment by 9.3 percent in real terms. "So long as private fixed investment by 9.3 percent in real terms. "So long as private fixed investment is strong, the recovery will not stall," Mr. Nakajima said.

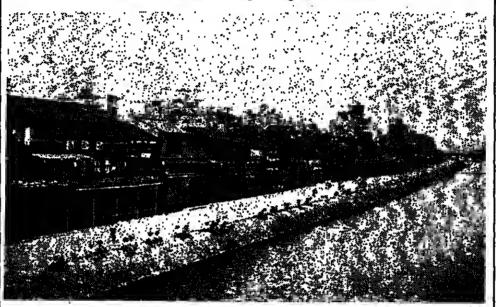
Mr. Nakajima predicts a U.S. budget deficit in the range of \$180 to \$190 billion. The combination of tight money, healthy growth and a gaping budget deficit will keep U.S. interest rates high, he said. As a result, the dollar will remain strong. Moreover, Japanese life insurance companies remain eager to buy foreign bonds, and the bulk of their purchases are dollar-denominated. Mr. Nakajima maintained that the

espital outflow from Japan will offset its current-account surplus. Finally, Mr. Nakajima felt that the international monetary crisis, which is currently in abeyance, may flare up toward the end of the year. Brazil and Mexico cannot keep harsh economic policies forever, he said. A recurrence of debt problems will help boost the dollar.

Experts agree that the yen will appreciate against major currencies, primarily because the Japanese economy is more robust than those in Europe. "Germany has been perceived as relatively weak. The bloom is off the rose," Mr. Skorpil said. "The German people are moving to the left. That makes capital flight almost inevitable. Money doesn't stay in countries of the left. Like it or not, it's a fact of life." There is much more concern about Germany's political stability than there used to be, he

Consequently, there have been some shifts of short-term capital out of Germany, and investment in Germany has declined. The bulk of the money leaving Europe has gone to the United States, but a good portion has headed for Japan. The yen has risen dramatically against European (Continued on Page 16)

The Sanno Festival in Tokyo brings out traditional dress.



Japanese relaxing on the river banks in Kyoto.



The Sunday scene in Tokyo's Harajaku Park.

International Lending: Japanese Banks Show Surprising New Strength

Special to the IHT

TOKYO — Japan as a world leader is a familiar enough theme in industrial and trading circles. But in international banking?

Surely not - not when the top five banks in international bank lending last year were Bank of America, Bankers Trust, Citicorp, Britain's National Westminster Bank and Chase Manhattan Bank. Each lead managed a greater volume of syndicated loans than Japan's specialist foreign-exchange bank, Bank

Japanese houses would seem to be outclassed in the international bond markets as well — an area of business dominated by Credit Suisse First Boston and Deutsche Bank, with Merrill Lynch, S.G. Warburg and Morgan Guaranty following them. The biggest of Japan's big four securities houses, Nomura Securities, ranked no higher than ninth in international bond lead management in 1983.

Yet, to the surprise of everyone except the Japanese banks themselves, when the statistics were published for Euromarket activity during the second balf of 1983, Japan's banks were found to have risen to the

The Bank of England collects information on the nonsterling business of banks in London - by far the largest part of Euromarket activity. According to the bank's statistics for the second half of 1983, Japanese banks were found to have 27 percent of the market's assets - ahead of the 22 percent held by the London branches of U.S. banks, or the 20-percent share held by British banks.

The recent scale of Japanese banks' international lending has been confirmed by estimates released by the Japanese Ministry of Finance at the end of last year. On the ministry's reckoning, Japanese banks had extended \$108 billion in overseas loans at mid-1983 a \$16-billion, or 17-percent, increase on the \$92 billion outstanding a year earlier.

The Japanese banks were able to wrest the lead spot from the U.S. banks because they have gone against the trend of international lending. Over the last year, banks in general have been pulling out of syndicated credits as fast as their burned fingers will allow. The international loan market has been shrinking. In 1982 new loans worth some \$150 billion were extended through the Enromarkets, but in 1983 the volume of new lending fell to between \$90 billion and \$100 billion (both years' figures exclude reschedding fi-nance to countries in arrears or in default). Because the market as a whole was contracting by about onethird, the increased activity of the Japanese banks shot them up to top place.

Other countries' banks have been reducing their lending, and they have also tried to reduce exposure overseas by cutting back the length of time their funds are at risk. Here, too, Japanese banks have gone against the prevailing banking wisdom. Of the \$16 billion of new loans made by Japanese banks overseas in the year to mid-1983, \$14 billion, or almost 90 percent, was lent for a year or more and only \$2

billion for less than a year.

The Japanese banks' takeover of the syndicated-loan market went largely unnoticed before the publication of the Bank of England's statistics for two

One is that Japanese banks tend not to figure in the glamorous reaches of the league tables - the rankings of international banks compiled by banking industry newsletters and by the research departments of some of the leading banks. The league tables generally focus on the wheeler-dealers of the Euromarkets — the mandate winners, the lead managers, the syndicators, the agents. But Japanese banks are generally to be

found among the more lowly reaches - the managers. co-managers and participants in international credits. Counting lead managers would give a list of U.S., U.K. and German banks; counting the funds provided would give a more accurate picture of the dominance of Japanese banks.

A second reason is that a substantial portion of Japanese banks' lending is done in yen in Tokyo — a market that is not well covered by overseas analysts. The yen-dominated syndicated-loan market currently provides about \$5 billion worth of new loans a year. equivalent to about one-third of all new lending by

Why are the expanding Japanese banks so much out line with their retreating colleagues overseas? It is certainly not because the Japanese banks have found the secret of country risk analysis and, hence, can identify creditworthy customers that other banks would prefer to avoid. On the contrary - the Japanese banks' record in avoiding countries with payment problems is no better than the performance of other countries' banks. Collectively, the Japanese banks have extended about \$30 billion to countries in payment difficulties, an amount that comes to more than a quarter of their total portfolio of overseas loans. They bave lent about \$10 billion to Mexico, putting them second only to U.S. banks among the country's creditors. They have about \$7.5 billion out to Brazil, and about \$4 billion each to Venezuela and Argentina. More by luck than good judgment, Japanese banks' exposure to Eastern Europe is relatively low, because Japanese trade links with the area are few and the banks' provision of trade and project finance corre-

spondingly slight. Rather, the reason the Japanese banks have turned to the international loan market seems to be the relatively poor outlook they face in their domestic market. The international markets offer scope for rapid asset accumulation in the future; the domestic markets do not.

In the past, Japanese banks were guaranteed a steady demand for funds from Japanese firms. The banks were monopoly suppliers of finance for capital spending and corporate borrowers were not able to generate enough funds internally to pay their own

Neither factor bolds true today. Borrowers do not need the banks to the same extent, and there is much greater competition for corporate customers from other financial institutions, such as securities houses and easing companies, and from overseas markets. Japanese companies can offer commercial paper in the United States, but not in Japan. They can arrange bond issues, convertible or straight, more quickly, more cheaply and more conveniently in Zurich than in Tokyo. As deregulation of financial markets proceeds in Japan, the banks increasingly expect to be net losers much as U.S. banks have been battered by U.S. securities houses during the same process.

For a Japanese bank the choice is simple — export

or stagnate. Given that choice, no Japanese company will sit around bemoaning its lot. What was seen in the international loan market in 1983 is just the start of a major expansion by Japanese banks. They have the funds to lend because they have excess deposits, compared to the lukewarm demand for loans within Japan, and they are at a competitive advantage in raising funds through the interbank markets. New-issue pricing for recent Japanese bank issues of floating-rate notes and certificates of deposit shows that the markets — if not the ratings agencies — see the Japanese banks as first-class institutions.

The forthcoming wave of Japanese bank lending (Continued on Page 16)

New Data Bank Is Aimed at Countering Lending Risks Abroad

Special to the IHT

Akasaka office, 17 floors over Tokyo's No. 3

The men are doing the office work.

That may not be a remarkable state of affairs anywhere else, but in Japan it is unheard of for the men to type or file. That is women's work — suitable only for ols, as Japan's office ladies are known. Clad in the company uniform, they make the tea, do the office chores and retire, sometimes compulsorily, on mar-riage to leave the senior management ladder for the men to climb.

At the Japan Center for International Finance, however, things are done differently.

TOKYO — One of the oddest benefits of the wave of international debt reschedulings is to be found in an officers seconded from government and the leading.

The J. commercial banks - have sat in front of keyboards and video terminals and learned to store and retrieve

> The center is an ambitions attempt to upgrade Japan's ability to read the risks of international lending. In the process, the rigid sexual hierarchy of employment has had to bend to the pressure of filing and updating information on 104 countries and on all of the world's major money and capital markets.

The center was formally established in March last year but its roots go back to the antumn 1982 meeting of the International Monetary Fund in Toronto, Japaand they also agreed to pay the salaries of staff.

"Everyone here has had to learn to use the data

messel bankers who had expected the usual round of seconded to the center. terminals," said Akira Kondoh, director of the cen-parties, formal speeches and discreet dealmaking were

ter's data bank department. For the first time in their shocked to find that the meeting centered on Mexico's standing through the backing of "seconding" institu-

The Japanese bankers were further shocked to find themselves Mexico's second biggest creditors, after U.S. banks, and they came back to Japan determined to find a better way of analyzing country risk.

Their answer was to club together to set up the center. It was sponsored by 50 of the country's top financial institutions — the 13 city banks, the three long-term credit banks, the seven trust banks, eight of the biggest regional banks, 14 of the largest insurance companies, the big four securities firms and the agricultural cooperatives' Norin Chukin bank. The sponsors provided the center's capital of 1.61 billion yen

tions - the Ministry of Finance, the Bank of Japan, the Japan Development Bank, the Export-Import Bank and the small businesses' Shoko Chukin Bank. The center's semi-official status was underlined by the appointments of its two senior officials - as president, Kiichi Watanabe, previously vice minister of finance for international affairs at the Ministry of Finance, and as deputy president Shoji Ochi, formerly an auditor at the Bank of Japan.

Because of its official links, the center expects to have access to the work of other official institutions notably the International Monetary Fund and the World Bank. From April I the center will open an office in Washington to increase its contacts with the fund, the bank, U.S. government agencies and its

(Continued on Page 14)

Financial Markets: New Moves Toward Internationalization

TOKYO — Bankers here agree that the package designed to further open the Japanese financial markers will not, in and of itself, dramatically alter the linearcial climate in Japan. But they see these measures industry executives see a good deal of interest on the part of Japanese corporations in swaps.

TOKYO — Bankers here agree that the package shi Corp., the giant trading house, wanted to enter into probably fall short of its considerable potential, at least in the short term, because of various restrictions interest on the part of Japanese corporations in swaps. an important harbinger of and prelude to additional iberalization and internationalization of the Japanese ທຸລາຕ່ອ ສູງສະເກາ.

"In terms of the impact on Japanese corporate mancings at the initial stages, there may be very little; but this is another step toward bberalizing Japanese practice in the domestic market," said Takuma Amano, managing director and head of First Boston's said Credit Suisse First Boston's operations in Japan.

Of the eight measures announced by the Japanese and U.S. governments at the end of President Ronald Setgan's visit to Japan last November, industry offi-This focused on two as having the greatest influence: the granting of permission for Japanese corporations to engage in currency swap transactions and the abolition of the real demand rule for forward foreign exchange contracts. The other six consist of promises investigate certain topics (the outcome of these adies remains uncertain) and reforms that are so

minor that they will have a minimal impact. Permission to Japanese companies to participate in chirency swaps will, like most of the other measures. come into effect on April 1. Until now, only Japanese government agencies have been authorized to engage in currency swaps. The government allowed banks to do interest rate swaps and gave the nod when Mitsubi-

interest on the part of Japanese corporations in swaps.
"Currency swaps are a new financing technique for Japanese corporations," Mr. Amano said. They will enable Japanese firms to get yen financing at lower costs. "There will certainly be increasing possibilities for Japanese companies to diversify their financing." said Morimasa Yamada, a managing director at No-mura Securities. "Using these swapping techniques, Japanese corporations will be able to have more choices of yen financing. Of course, currency swaps will depend to some extent on whether we can find the

The scrapping of the real demand rule will lead to more foreign-exchange activity, bankers agree. The real demand rule stipulated that forward foreign exchange contracts had to be based on real commercial transactions. Robert Binney, vice president and general manager of Chase Manhattan's Tokyo branch. believes that the abolition of this requirement will give Japanese corporations more flexibility. "I think it provides us with more customers, more transactions, more volume of business and, hopefully, more profit," he said. He forecast that, over the long term, the elimination of this rule will generate more foreignexchange business in Tokyo and that Tokyo will become a more important financial center.

supranational agencies and certain sovereigns may float Enroyen bonds. In the November communique, the Japanese government promised to allow Japanese corporations and government entities to tap this market. At present, the Ministry of Finance is discussing the subject with banks and securities company offi-cials. Industry sources believe that the ministry will allow only a small number of Japanese corporations, those with the highest credit ratings, to issue Euroyen

Two sticky issues remain to be resolved: the ques-tions of collateral and withholding tax. With the exception of the issues of the most creditworthy firms, Japanese domestic corporate bonds include mortgages. Overseas offerings by Japanese companies generally come with bank guarantees.

The Ministry of Finance has not yet revealed whether it will require collateral on Euroyen issues. "We understand that the Ministry of Finance is caught in the middle between Japanese banks and securities companies," First Boston's Mr. Amano said, Banks seek an extension of the collateral requirement to the Euroven bond market, but securities companies don't want it. Banks feel strongly about the matter because most of their domestic lending is collateralized. A third item on the list announced last November, The second question involves the imposition of

withholding tax on Euroyen offerings. A promise to study this question was one of the points in the November package. Again, the Ministry of Finance has not formally released an opinion. But industry sources think it is likely that the ministry will insist on the assessment of withholding tax on Japanese Euroyen issues. The ministry's Tax Bureau is adamant about the matter, industry officials said. If the bureau gets its way, Euroyen bonds will lose much of their attractiveness, since Eurobonds ordinarily are not subject to any withholding tax. Consequently, the prospects for the Euroyen market do not appear rosy at the moment. Mr. Amano, however, predicted that a limited number of non-Japanese companies will be allowed to tap the Euroyen bond market within a year.

The outcome of a fifth item on the list, a pledge to look into the establishment of a yen Bankers' Acceptances market, also remains uncertain. Both the Japa nese government and the financial community are divided on this issue. The Bank of Tokyo is pressing for the introduction of a yen Bankers' Acceptances market, but the Bank of Japan and some major banks are opposed, and the Ministry of Finance is

An advisory council to the Ministry of Finance, composed of outside experts, is studying the matter. "So far in the discussions held in that council, there were both pros and cons. I myself hope that they will come up with an encouraging note. But I cannot be too

(Continued on Page 15)



The Tokyo Stock Exchange. Article appears inside.

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Q. 1 Please check in the Q1 box any company of which you know something. 0, 2 Of the companies checked, please indicate if you know their product names or business line.

0, 3 Please check two companies which interest you most and list the reasons why in the space provided. Thank you.

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Brother Industries, Ltd.			
Canon, Inc.	<u> </u>		
Casio Computer Co.			
C. Itoh & Co.			
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Kawasaki Steel Corp.			
Kometsu, Ltd.			
Konishiroku Photo Industry Co.			
Kubota, Ltd.			
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Matsushita Electric Industrial Co.			
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Toyota Motor Corp.			
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Reasons why I am interested in those companies:	Name:(please print)
	Position:
	Company name:
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Other remarks:	Country
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• Please mail this questionnaire to:

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Robots weld motorcycles in a Suzuki factory.

Learning International Ways at Yamato

By Robert Y. Horiguchi

YAMATO — Last April, the International University of Japan opened its doors with a curriculum aimed at teaching future executives bow to function in an international arena that has become crucial to Japan's economic ad-

Next month, the university will observe its first anniversary. Uotil that time, the institution has gone into hibernation, its 158-acre (63.2-hectare) campus smothered under a 10-footdeep (3-meter) blanket of snow, its faculty and most of its students having made a seasonal exodus to less rugged climates during the winter

Located about 100 miles (160 kilometers) conthwest of Tokyo, in the rural countryside of Honsbu, the main Japanese island, the International University of Japan is unique in many

It is the only institution of its academic level in the country where courses are given in En-glish, not Japanese and is the only school in Japan where a master's degree can be acquired by submitting a thesis in English;

It probably has the smallest student body of any university, with a current enrollment of 57 men and women from 10 different countries. It has been endowed by 800 Japanese businesses that have pledged the equivalent of \$34 million toward its establishment and operation.

To Sohei Nakayama, a leading figure in Tokyo's world of finance who is the chairman of the university's board of trustees, its purpose is "to assist young people who will later assume responsibility in public organizations and private companies in a complex and rapidly changing environment."

"Such young people," he said, "should have and area studies covering Japan, east and south-sufficient knowledge of international politics, east Asia and the Middle East. international economics and international management as well as the ability to analyze chal-

To this, Saburo Okita, an economist and a former minister for foreign affairs, who is the admission, university's president, added: "What future After su

generations must obtain is oot a fragmentary study and winning approval of their theses, knowledge of the world but a global perspective graduates are awarded the degree of master of supported by an acute awareness of international relations. al communities and the complex relations that

It is such an environment that is provided at Yamato by a complex of elegant glass-andconcrete buildings bousing modern facilities for study and recreation. These constitute an invest-ment of about \$23.4 million. The land oo which they stand was donated jointly by Niigata Prefecture and the Yamato township, a farming community of 17,000 inhabitants.

Enrolled in the school's first year of operatioo are 44 Japanese university graduates, 33 of whom are sponsored by the companies that employ them. Their average age is 26. Each of them costs these corporations 800,000 yen (\$3,400) in tuition fees annually in addition to dormitory charges that run from 70,000 yen to 80,000 yen a month.

The 16 foreign students have come from Africa, Asia and America, baving been awarded scholarships by Japanese foundations, service clubs such as the Rotarians, and the university itself. This group includes 10 women but there is

only one Japanese female student. The faculty consists of 31 Japanese and foreign professors and lecturers, in addition to the same number of associate teachers. A large number of these are specialists and outstanding

figures in Japan's academic world. Beginning with a oumber of basic courses that form the foundation for advanced studies, the university's curriculum consists of courses in international politics, international ecocomics

Heavy emphasis is put on language studies, and students are required to take more than one language course. Foreign students have to learn Japanese. Proficiency in English is required for

After successfully completing two years of

The school attaches as much importance to exist among them. Such perspectives can be field research as in does to languages. Studeous cultivated only in an environment where young are required to investigate the social, cultural people from all over the world can study, discuss and political conditions in the country of their particular interest after finding, on their own, funding sources for such studies.

While most of the Japanese students are de-voting the January-to-March winter break to field trips abroad, the foreigners are remaining at Yamato to undergo four bours a day of intensive study of Japanese so that they will be able to do field research in Japan.

"Our aim is to develop professionals io international relations." Ku Tashiro, the university's secretary control said in an international relations."

secretary-general, said in an interview. "Professionals in the sense that physicians and lawyers

A former senior Japanese government official, Mr. Tashiro spent four years io Rome at the headquarters of the United Nations Food and

Agricultural Organization

We are planning to enroll this year some 40
Japanese and 20 foreigners. Among the latter will be civil servants and bank employees, he added. Our ultimate objective is to bave a student body evenly divided between Japanese and foreign nationals. And we bope to see eventually some Europeans, sponsored by their governments, coming to study here.

"Out of the 16 foreigners on enrolled," he

remarked, "the majority having come from Third World countries, have seen snow for the first time in their lives. But their acclimatization process bas been smooth. A oumber of theh ave learned to ski."

The university has launched a program for the "adoption" of foreign students by local families with the double objective of facilitating their field studies through contacts with neighboring communities and at the same time lessening the student's sense of isolation.

The town of Yamato has no recreational facilities and the nearest city with a movie theater where foreign films are sbown is 10 miles

Teaching Risks of International I

(Continued From Page 13)

tute for loternational Finance. The center has attracted 202 members. whose annual subscriptions pay the expenses oot covered by the 50 banks. The rest are insurance companies, large industrial companies, trading houses, stockbrokers and leasing firms. Membership is open to the Japanese offices of foreign banks or manufacturers, although they are likely to be put off by the language barrier. Virtually all of the center's output is in Japanese, since one of the institute's objectives is to provide more analysis of interna- tional affairs in Japanese. The ceoter's staff translates Morgan Guaranty's World Financial Markets each mouth and is planning to translate articles from the leading international financial magazines.

The core of the center's services is its data bank, which holds both statistics and text on the economies of 104 countries. Members can call up data from the bank or read the center's country reports and mar-ket reports through an on-line com-puter system, the Demos octwork run by Nippon Telegraph and Telephone. They can also consult a file of newspaper and magazine articles on international finance and have copies faxed to them.

As well as collecting data to enable its members and sponsors to make better country risk judg-ments, the center is also busy studying new ways of measuring country risk and is prepared to give what its staff calls "qualitative" ad-vice on the economic prospects of problematic countries, based on the frequent visits of its staff to overseas countries. In March, for example, Mr. Watanabe had just returned from visits to Manila and Jakarta, and Mr. Ochi from the Middle East and Algeria.

That kind of on-the-spot report-ing is the most valuable part of the center's services to date. A lot of the information in the data bank is humdrum stuff — the sort of material found in any good almanac, useful for some purposes but mar-ginally relevant to most financial decisions. The center will not work as it was designed to do until it starts making use of its overseas missions and its stock of data 10 come up with ereditworthiness

Officially, at least, the center will not make explicit credit ratings of foreign countries. "We do not wish to impose our

judgments on our members, most of whom have their own credit analysis systems," said Eisuke Sakakibara, director of the center's general planning and administra-tion department, "And because we are backed by official bodies like the Ministry of Finance and the Bank of Japan, it would be a deli-

cate matter to rate overseas coun- have to rely on their own acumen to finally enabled him to shelve the

counterargument that other official bodies operate ratings systems, tiotably the export insurance division sponsors. Half of the members are of the Ministry of International Trade and Industry.

for it. We don't," he said. . .

Unofficially, however, it seems that the center will eventually produce confidential ratings for its members along the lines of commercial ratings agencies' systems. The ceoter's glossy brochure says that the institute "will oot publish a final rating, but will provide several ratings based upoo different world economic projections."

keep them out of trouble. Based on past experience, that is not enough, among Japanese bankers. As the He was unimpressed by the past experience that is not enough. Eggerness to do more international business tends to override any prickles of doubt over the borrow ers' ability to repay — a fault shared with their colleagues in the United States and Europe.

"They have an immediate oeed

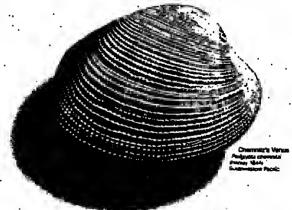
In Japan, the problem is com-pounded by the premium placed oo going along with one's fellows. Few Japanese institutions can claim to have spotted debt crises in advance, but fewer still to have dooe anything about it. At one of the top city banks, a skeptical syndication manager succeeded in dickering over the documentation of a trade credit to the Philippines for most of

boary Japanese proverb has it, the nail that sticks out gets hammered

Now that the conformists have to explain \$30 billion of bad overseas loans, perhaps more of them will listen to the center's early warning of further troubles to

The immediate liquidity prob-lem has improved, but the medium and long-term solvency question is worse," Mr. Sakakibara said. "No fundamental solutions have been offered. What has been done so far is just patchwork, and in the long Uotil then, Japanese lenders will um on debt repayments in October run that may very well make the solvency problem worse."

Mitsui O.S.K. Lines: Time, Tide and Transportation.



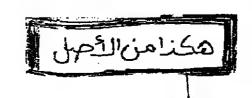


Ocean transportation remains as much a primary means of commerce among nations in this age of extra-terrestrial expansion as it was a century ago when Mitsui O.S.K. Lines first committed

itself to bringing shores and peoples together. So much and yet so little has changed since then, Today, Mitsui O.S.K. Lines is one of the world's premier shipping companies with the latest technology and equipment.

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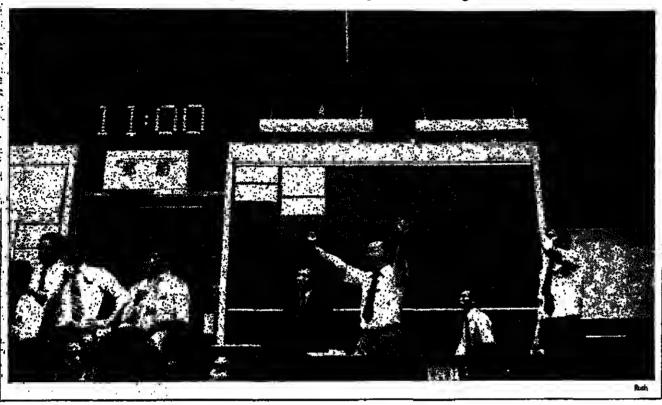




JAPAN



Trading on the floor of the Tokyo Stock Exchange



Upswing in the Stock Market Is Linked To Continued U.S. Economic Recovery

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STATE TO STATE OF

Dow Jones average of 225 shares broke the they were again net sellers for 1.054 trillion yen 10,000-yen level for the first time. This rise was worth of stocks. credited by analysts to vigorous purchases of

· But as the New York Dow Jones industrials average began its slide, taking along with it share prices in London and Zurich, the Tokyo index dipped to fall back below 10,000 yen.

These price declines in other stock markets induced foreign investors to pull out of Japanese stocks. A record of sales over stock purchases by foreigners was set in the week ending February 10, according to the Tokyo Stock Exchange. During that period, foreign investors sold 153.6 billion yen worth of shares, against purchases amounting to 98.6 billion yen, for an unprecedented net sales margin of 54 billion yen.

Foreign investors were net sellers of Japanese stocks by a record margin for the second straight week, ending February 18, according to the Tokyo Stock Exchange. Foreign investors sold 169.2 billion yen worth of stocks and bought 854 billion yen, for an excess of 23.8 billion yen of sales over purchases.

insportation foreign investors in part to profit taking follow-

> remains strong. They point out that domestic demand is starting to strengthen, calling for an increased supply of such basic industrial materital investment and consumer spending are also

> They stress that for the coming fiscal year, starting April 1, economists' growth predictions range from 3.8 to 4.7 percent, compared with 3.5 percent for the current year.

TOK YO — After starting off the new year on an upbeat mood, the Tokyo Stock Exchange has seen its bull-market upswing stalled by a growing the 493.2 billion in net purchases made by latter tendency is strongest among corporations. Japanese financial institutions, such as insurling uneasiness over the prospects for continued

Japanese financial institutions, such as insurthat are constituent parts of a keiretsu, the 16

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ance the Japanese economy.

According to Tokyo's Dodwell Consultants,

Japanese stocks by foreigners.

Prices continued to soar thereafter, sending the index to an all-time high of 10,206 yen toward the end of January. Optimistic brokers predicted at the time that it would break 13,000 yen by the end of the year.

In London, it was This disenchantment of Japanese individual last October was 4.5 percent. In London, it was Dai-Ichi Kangyo banks. 5 percent and in Frankfurt 3.8 percent. In To-

kyo, It stood at 1.1 percent.

When the Tokyo Stock Exchange reopened its doors after the war in 1949, individuals constituted 70 percent of all investors as the buying of shares came within the reach of the general public as a result of the "democratization" policies dictated by the Allied Occupation authorities who ordered the break-up of the economic baronies known as the zaibatsu. Today, the proportion of individual investors has dipped to 28 percent.

According to the Bank of Japan, corporate stocks at book value represent only 1.7 percent of individual financial assets. In 1952, this ratio was 11.4 percent.

Unable to earn a regular income from dividends, individual investors resort to increasing their capital assets by accumulating stock dividends given by many Japanese companies when ing the recent upsurge.

Brokers discount the likelihood that this heavy selling portends a decline in forcign portfolio investments in that the Japanese economy representation of the total increase in folio investments in that the Japanese economy representation of the total increase in folio investments in that the Japanese economy representation of the total increase in the companies. profits soar and stock prices rise. Between 1973

capital of listed companies.

Such stock dividends, however, have the effect of keeping stock prices in the lower ranges because the share values are diluted. The taxals as chemicals, steel and synthetic fibers. Capi- ation system also encourages this practice by individual investors as capital gains are free of tax, while dividends of up to 100,000 yen from any one company are taxed at 20 percent and at the investors' income tax rate after that.

In the same manner, Japanese institutions either hold shares on a long-term basis for

these groups comprise 920 companies, or about 0.06 percent of all Japanese corporations, excluding banks and insurance companies.

While the antitrust law prohibits a single holding company from controlling or coordinating such a group, it allows the cross-holding of shares among the companies in a keiretsu, the six largest among these being Mitsui, Mitsuhi-shi, Sumitomo, Fuyo (Fuji Bank), Sanwa and

Cross-holding — total intra-group holdings as a proportion of total group capital — of shares was Missui 17.7 percent, Mitsubishi 20.7 percent, Sumitomo 21.4 percent, Fuyo 16.4 percent, Sanwa 13.6 percent and Dai-Ichi Kangyo 14.1 percent as of March 1981.

The core companies of the other 10 keiretsu often hold substantial shares of companies in their respective groups. For instance, Hitachi Ltd. holds 46.3 percent of the shares of the companies in its group, while Matsushita Electrical holds 44.2 percent. Besides, members of one keiretsu frequently hold shares in companies belonging to another keirersu. The Nippon Life Insurance Co., a member of the Sanwa group, is the biggest shareholder, at 3.8-percent, in Hitachi Ltd., the nucleus of the Hitachi

These institutional shareholders seldom trade their shares. However, because turnover in each stock must reach a minimum figure each year to maintain its listing on the exchange, they swap their portfolios back and forth to swell the

Thus, with both individual and institutional investors refraining from active trading, the market for many shares on the Tokyo Stock Exchange is very thin; giving it high volatility. This feature is often cited as a reason for caution by foreign investors as the market is difficult to analyze and, at times, to understand, especially since financial information on many Japanese companies is hard to get.

- ROBERT Y. HORIGUCHI

Financial Markets: Internationalization

(Continued From Page 13) definite at this moment," said Toyoo Gyohten, deputy_directorgeneral of the Banking Bureau at the ministry.

Mr. Binney sees little demand or need for a yen Bankers' Acceptances market. Dollar acceptances are effective and offer great depth and liquidity. Hiroshi Ofuji, a managing director of Daiwa Bank, agreed. "It's not required," he said. But he predicted that the government will grant its approval, al-though it may take time. Sachio Kohjima, deputy general manager of the international investment division at the Bank of Tokyo and a leading advocate of a yen Bankers' Acceptances market, believes that it will get the green light by the end of the year. The matter depends to some degree on how strongly the United States presses for it, Mr. Kohjima said.

The fifth item on the list, a promise to raise the ceilings on the issue of certificates of deposits by foreign banks, pleases foreign bankers. They are less enthusiastic about the reduction in the minimum size of a CD, from 500 million yen to 300 million yen, which took effect on Jan. 1. Mr. Binney thinks that it would have to be reduced further, to 100 million yen, to have

The Japanese government will end the legal limits on foreign shareholdings (set at 25 or 50 per-cent, depending on the company) in 11 designated companies, most of which are in the oil and mining fields. Mr. Binney, however, predicted that the Japanese anthorities will continue to prevent foreigners, through administrative guidance, from taking a majority stake in these firms, and he is sympathetic to that stance. He pointed out that the U.S. government would not allow overseas investors to acquire a controlling interest in AT&T or a defense contractor.

Finally, the Japanese pledged to introduce a hill in the Diet to allow the government to issue bonds ahroad. Mr. Binney doubts that the government will float bonds overseas after it gets permission, Japan can finance its huge public-sector deficit at home. Interest rates are higher in foreign markets, except in Switzerland, and there is always exchange risk.

Some public corporations, with the Japan Development Bank going first, will tap the Yankee bond market in New York this year. Industry sources question whether these issues, of around \$100 million each, will achieve the desired result of pushing up the yen. "It may have an effect on public relations. It will

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show that the Japanese government is serious about having a more realistic exchange rate. But in reality it will not have the intended impact, through the issue of \$100 million, a small trickle," Nomura's Mr. Ya-

mada said. Bankers and government officials agree that the authorities will continue to open up the markets. They emphasize, however, that the pace of liberalization will remain slow and deliberate. "I am of the opinion that liberalization moves will continue to appear over the next year or so. But it will not come all of a sudden on April 1." Mr. Yamada said. "Once you have started on the road to liberalization, it is difficult to turn back, unless the parties concerned find adverse effects from the liberaliza-

Mr. Gyohten of the Ministry of inance sees four areas of financial deregulation: expanding the use of yen in international markets, freeing interest rates, deregulating the operations of various financial instinutions and deregulating the operation of financial markets. think progress will be continued in all these areas," he said. "I think it is important to try to maintain progress in all these areas. I think one problem of deregulation in the United States is that there was too rapid deregulation of interest rates vithout progress in other areas. 1 think if you ask American bankers,

tion in these areas. All these things had better move hand in hand."

"Our broad strategy is to introduce free-market interest-rate commodifies; we try to expand the area in which the free market would prevail," Mr. Gyohien continued. A gradual removal of the restrictions on the interest rates paid oo deposits will come last. Mr. Gyoh-

ten could not predict when that will

While most financial institutions agree that further liberalization is desirable, they are divided as to how far it should go. At one end, the seven trust banks, which specialize in long-term lending and pension fund management, oppose most changes. They benefit from the current interest-rate structure, and they will suffer greatly if they lose their near-monopoly of the pension management business. Life insurance companies are the only other institutions with the right to manage pension funds, and they are gaining market share. The three long-term credit banks, which

are also conservative. At the other extreme, securities companies and foreign financial institutions are pressing for sweeping changes that would greatly free up the system. Nomura's Mr. Yamada would like to see the elimination of "any items restricting the total flexthey will tell you they wish there ibility of the Japanese market,

enjoy fixed and ample returns from

the long-term prime-rate system,

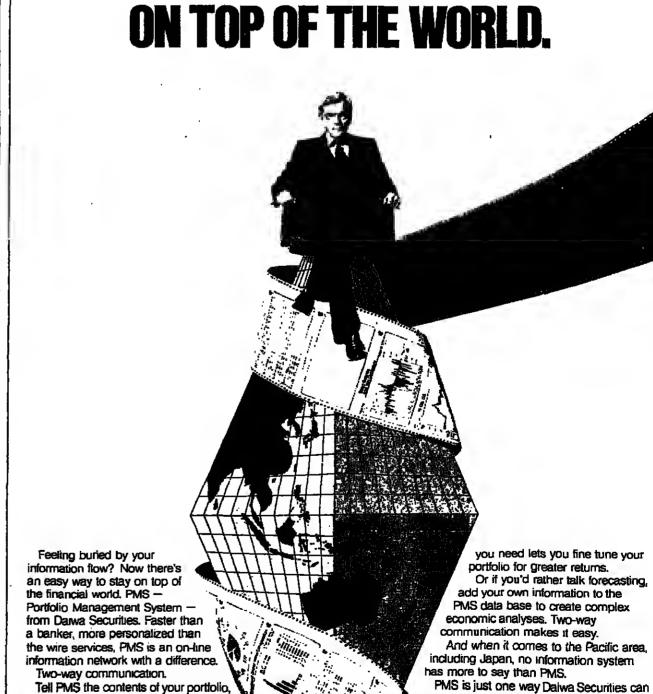
such as limits on maturities of and interest rates paid on bonds, and collateral requirements for them. He pointed out that foreign bond issues accounted for half of total fund- raising by Japanese corporations last year. "The natural question is why so many Japanese corporations are going outside Japan. when they have such a huge domestic capital market; the short answer is that the Japanese capital market behind international practices,"

Mr. Yamada said. Mr. Ofuji of Daiwa Bank agrees that "liberalization of the financial market in Japan is the inevitable direction," but he quickly noted that the financial system is very complex. "A kind of order in the financial market is necessary."

A thorny question is how deregulation will affect some of the weaker participants in Japan's financial markets. The Ministry of Finance has traditionally exercised great care to protect vulnerable financial institutions. Mr. Gyohten said that some institutions will suffer from greater competition. "Some will be hurt, there is no doubt about it. We have to be prepared to avoid disorderly conditions from deregulation that is too rapid," he said. If certain financial institutions do not adjust well to liberalizaton, "they may face the danger of becoming extinct," Mr. Yamada of Nomura

--- JAMES S. ALTSCHUL





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Lion's Share for Institutional Investors

TOKYO -- U.S. institutional portfolio managers are gradually making their influence felt on the Tokyo Stock Exchange, where they are credited with having contributed substantially to the 18-percent increase in foreign investment in Japanese stocks to \$3 billion last year.

In the view of Japanese analysts, U.S. pension and trust funds are changing the overall pattern of foreign portfolio investment by shunning bigname stocks in favor of issues by smaller, less-known companies that show a high performance. Up to now, foreigners have tended to focus their purchases on stocks of manufacturers of electrical and optical goods, whose brands are known worldwide, rather than on ntility and beavy-industry issues.

proportion was 19.4 percent, for Nippon Elec-tric 18.3 percent and for Matsushita Electrical, sidiaries and thus, increased the price-earnings the giant household appliance maker, 16.9 per-cent, fa contrast, this ratio was 7.3 percent for In spite of their increased visibility on the

Nippon Steel and a minimal 2.7 percent for Tokyo market, U.S. investors are still far from Tokyo Gas.

While these blue-chip issues have, on the whole, performed well over the years, they have lacked the luster that some high-technology stocks displayed last year. Among such issues, hrokers cite those of Fanue, a Fujitsu subsidiary that makes industrial robots, for which stock appreciated 196 percent last year, and those of Nippon Tsushin Kogyo, a manufacturer of computerized telephone systems, which jumped

cheap. The price-earnings ratio of major issues stood at 23.8 percent, against 10.3 percent in London, 12.3 percent in New York and 14.6 percent in Frankfurt, as of October last year. However, this ratio is expected to be reduced

The leading Japanese financial daily, Nihon

Keizai Shimbun, made a survey last March of by about 20 percent for Japanese shares when a the 10 stocks held in largest quantities by foreigners. It showed that 25.2 percent of the total statute, companies will be required to report all shares issued by Canon, the camera and officeequipment manufacturer, was in foreign hands. In the case of Fujitsu, the electronics firm, this now, companies made their earnings look less by omitting to report the earnings of their sub-

being the largest buyers of Japanese stocks according to Walter J. Burkett, general manager here for Merrill Lynch International. Although the flow of petrodollars has dwin-

dled because of the current oil glut, Middle East investors continued to lead the foreign contingent last year, he said. Europeans ranked sec-ond, followed by Southeast Asians, mostly based in Hong Kong, and then U.S. investors.

Brokers, however, foresee that the interest of 226 percent in 1983.

At current levels, Japanese stocks are not will continue to grow. They attribute this to three factors - the availability on the Tokyo market of a substantial number of attractive investment vehicles; a dynamic stock market that is steadily moving upward. The market value of shares traded in the first, major section of the Tokyo Stock Exchange has tripled in 10 years, from 36.5 trillion yen (\$15.7 billion) at the close of 1973 to 119.5 trillion yen (\$51.2 billion) at the end of 1983, and the possibility of profiting on exchange fluctuations. By buying Japanese stock when the dollar is strong investors from the United States stand to gain if the dollar weakens because when they sell their shares their dollar return will be higher.

Golfers practice their strokes.

Golf Goes Beyond Boom, Is Fixture of National Sports Life

TOKYO - Although golf has become one of Ja-

pan's most popular pastimes, the Japanese have only recently allowed themselves to overcome the cultural barrier that prevented them from accepting one of the most basic principles of this sport since it was introduced from the West early in this century.

By Western definition, a golf handicap reflects a player's ability, moving up when his game is good and

wn when it deteriorates as indicated by the score cards he turns in. Japanese tend to liken golf handicaps to grades in

do, Japanese chess and other traditional sports. They move up but never down. There are medals awarded for a player's performance when his game is at its peak. This is important in a group-oriented society where the individual finds his niche in terms of the position, or rank, he bolds in his particular group. The prestige attached to rank remains with him for

tion to reduce all handicaps across the board every so many years to keep them reasonably approximate to ability and stay in line with the rest of the golfing

This made it necessary for the Japan Golf Associa-

Association introduced a uniform handicapping sys-tem and required affiliated golf clubs to have their members submit all their scores, good and bad. Until then, golf clubs devised their own rules that allowed members to save face by presenting only their best

The ruh is, however, that because only golf clubs can belong to golf associations, the vast majority of Japanese golfers who cannot afford club memberships

Japan's golfing population today is estimated at 12 million. There are about 1,700 golf courses throughout the country but only about 100 of them are public. This means that only two out of every 10 own golf club

memberships — and handicaps.

Until the 1950s, golf in Japan was a sport for the rich. The boom began in 1957 when, to everyone's surprise, Torakichi Nakamura and Koichi Ono won the team trophy and Nakamura the individual title for Japan against top international competition in the Canada Cup (now the World Cup) played at the Kasumigaseki Country Cluh near Tokyo.

The pair became national heroes. Suddenly everyone, it seemed, wanted to swing a club. Developers world.

But things have begun to change. The first move came in 1981 when the Kanto (central Japan) Golf equipment began to soar. Japan today is the world's

largest market for golf equipment after the United States and, some say, may even overtake the United States judging from the intensity with which Japanese

Golf in Japan has long since passed the boom stage. It has become a solidly established fixture of Japanese life that has taken in everyone from company presi-dents to housewives, bureaucrats to tradesmen.

Neither has the exorbitant cost of playing the game dampened Japanese enthusiasm. Any accessible golf course - and a two-hour one-way drive is considered accessible — is packed every day of the week. Starting times are spaced every six minutes with train-schedule precision. Reservations must be made up to a month in advance. Most golf courses make their money off visitors' green fees, which range from around 8,000 yen (\$34) on weekdays to 25,000 yen (\$106) on weekends and holidays. Thus even at the cheaper courses a day's golf — green fee plus caddy fee (since most courses do not have carts), lunch and tax — is something the average wage earner can afford only once a

Faced with a major loss of income as a result of recent snow, several golf courses near Tokyo have sprinkled heat-absorbing sand on their fairways to help the snow melt, or mobilized their staffs to shovel For the club member, the game is just as expensive. For although his green fee is nominal (usually 500 year —52.10), the cost of a membership can run anywhere up to 40 million yen (\$170,000), sometimes more.

Club memberships can be purchased for as low as 500,000 yen (\$2.136), but such courses are usually so far away they require an overnight stay or have so many members that the members themselves have trouble getting a starting time. For the urban golfer

who wants to enjoy his game, anything less than 10 million yen (\$42,700) is not recommended.

In addition to individual memberships there are corporate memberships, for many companies non prefer to entertain their clients over 18 holes rather than at nightclubs or geisha parties.

A visiting foreign husinessman is more than likely to be invited by his hosts to one of the more prestigious golf clubs. Around Tokyo, these would include Kasumigaseki, Sagami and Hodogaya, all preway courses where memberships are passed only from father to son, and the Three Hundred Club, Totsuka Musashi or Sagamihara whose rosters are restricted to the famous and affluent.

Tourists looking for a round are out of luck unless they can find a club member to accompany them. The public courses are too few and too crowded to be

Satellite Launching: Rapid Expansion of Direct Television Broadcasting Expected

By Mark Schreiber

TOKYO - With the launching of the Yun 2a on Jan. 23, Japan's National Space Development Agency and NHK (the Japan Broadcasting Corporation) have set the stage for the country's first practical satellite TV broadcast

From a stationary orbit over Borneo at an altitude of 22,000 miles (35,200 kilometers), the Yuri 2a's TV broadcasts, which are scheduled to begin in May, will be aimed not toward gigantic relay stations but directly at the homes of individual viewers.

The oew satellite also packs the technical capability to expand into

corded FM radio, high-resolution centimeters) away is the converter, TV. facsimile and still-picture

By the time the first broadcasts begin, only a few hundred households are likely to have the equipment oecessary to receive signals. However, at least a dozen major ready announced plans to market years - a growth comparable to hlack-and-white sets when television was introduced here in the

early 1950s.

a cylindrical device with a bell flare somewhat resembling the klaxon horns on vintage automobiles which points at the antenna's cen-

ter. The antenna/converter assembly, made of weather-resistant materials treated against rain, wind electronics manufacturers have al- and snow, is set up in the owner's back yard, on the roof or eaves of the product by this spring, and industry estimates predict as many as nals picked up by the converter are 2 million users within the first five transmitted by cable to a tuner unit beside the owner's television.

By using the tuner, satellite transmissions can be viewed on existing TV sets. A complete antenna. A so-called "BS" (for broadcast converter and TV tuner system will satellite) antenna resembles a large be sold to consumers for slightly dish mounted vertically on a mast more than \$1,000, with separate

antenna is not limited to one household; it can also be installed to service multiple users, such as apartment dwellers or close oeigh-

Since the antenna must be simed at the orbiting satellite, adjustment of orientation is much more critical than conventional TV antennas. The further south the user lives, the greater the angle above the horizon becomes. Thus, in Japan the setting will vary from a low of about 29.1 degrees from the horizon in the country's extreme north to nearly 60 degrees in the south. In Tokyo, the correct angle of adjustment is 38 degrees, considered enough in most cases to peek over hills or the tops of adjacent buildings. Signals

The satellite's signals become the center of the broadcast area in this case Tokyo and central Japan. Thus, unlike viewers in the major urban areas, where an antenter is said to be sufficient users living at Japan's northern and southernmost extremes will require antennas of at least twice that size.

The main coordinator behind the Yuri 2a project is NHK, which will control both of the satellite's two TV broadcast channels, one for general and the other for educa-

NHK began its TV service in

tions fields, such as digitally-re- or tripod. About 27.2 inches (69 charges for installation. A single from the satellite reach the viewer Tokyo and Osaka in 1952 and sub- NHK's Technical Research Labafter a delay of just one-quarter sequently expanded to its present oratories. "Another important use second. estimated that there are still some progressively weaker away from 420,000 households — a little more than I percent of Japan's total television audience — living in areas too remote to receive TV signals. These residents of rural Hokkaido. na as small as 23.3 inches in diame- the Japan Alps in central Honshu, the southern part of the Ryukyu island chain and the Ogasawara (Bonin) islands — including Iwo

> satellite broadcasts "Besides services to remote areas, there are many other uses being planned for the satellite broadting," said Furninori Shiga, an

> Jima — will be among the first to

gency transmission capability. NHK's main transmitter is in Tokyo, with a backup in Osaka. There's always the concern that some disaster such as a major earthquake could conceivably knock out the entire country's TV coverage. A satellite system can obviously remedy this weak point."

While programming has not yet been announced by NHK, no surprises are expected.

enjoy the immediate benefits of While satellite broadcasts will begin along the lines of existing TV media, its impact will extend into tion. Still images, facsimile transmany new areas. One example is "high-definition television." NHK services are included in the loss assistant general maoager at has been at work for several years range plans for the Yuri 2a.

NHK's Technical Research Labon the development of a new oratories. "Another important use broadcast standard to replace the current NTSC color format. Employing 1,125 scanning lines on the TV screen — as opposed to only 525 for NTSC — this system in capable of providing a much clear-

> Another service being planned for the future is "super FM" radio Using digital PCM (pulse tode modulation) encoding, satellies will be able to relay high fidelity stereo broadcasts superior to any existing form of FM, and with the added bonus of coverage of the entire country from only one samissions and other types of media

International Lending: Japan Makes a Good Showing

(Continued From Page 13) will bave three effects on the markets. First, spreads will be put under pressure. The return a bank tional loans down. This is already gets from making an international the case in the yen loan market. In loan has oot risen over the last year, late 1983 Japan's Ministry of Fias an armchair theorist might have nance, which has the fioal say over predicted from the number of resthe terms and conditions in the yen chedulings. In theory, higher risk market, agreed to lower spreads calls for higher return. In practice, a concession to the cutthroat combanks have fallen over themselves to lend to those remaining countries that are not yet camped in the ministry used to require banks to

banks, flusb with funds and keen to lend, will push spreads oo internapetition for yen loan mandates be-

The arrival of the Japanese long-term prime rate but it agreed borrowers - the World Bank and the Inter-American Development Bank — have been able to raise yen funds at prime rate.

A second consequence of Japanese participation will be greater fee income for Japanese banks. With greater market clout, Japanese banks will be lead managers tween the Japanese banks. The more often and subordinate managers or mere participants less ofarrium of the IMF's head office. charge a spread over the Japanese

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U.S. Election, High Interest Rates Bolster Yen Value

(Continued From Page 13)

currencies, and experts anticipate further, although more modest, gains. Mr. Nakajima thinks the mark will drop to 78 or 79 yen. Mr. Gray sees the rate tending toward

Mr. Grav also believes that the yen will advance against the Swiss franc, both because the Swiss authorities do not want the franc to rise against the mark and because a good deal of Swiss capital, io the form of Japanese Swiss-franc bond Things that overhang the European change more actively.

issues, is flowing to Japan. In most currencies tend not to have an inmonths, Japanese entities float between 200 million and 250 million Swiss francs' worth of bonds in Switzerland, Nor is the pound

poised for a jump. "Sterling still ooks high to me against some European currencies," Mr. Gray said, He emphasized the ven's great steadiness at present. "It's not even very interesting subject at the moment for traders," he said. "The

pact on the yen."

Mr. Gray does not think that the recent moves to liberalize Japanese financial markets somewhat, notably the abolition of the rule that barred parties from entering into forward contracts unless there was the contracts an underlying cootract, will have only a limited impact on foreignexchange trading. Mr. Grav said that the rule changes will allow yen is very stable at the moment. companies to manage foreign ev

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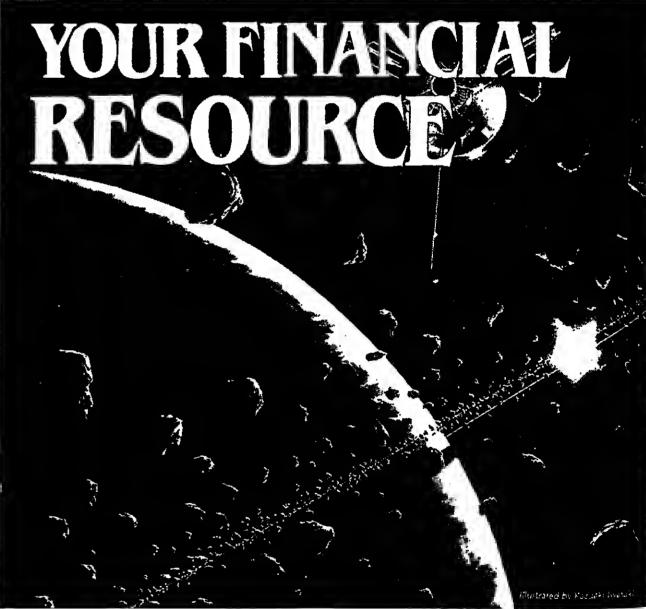
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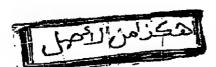
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Motivates International Portfolio Diversification

Carl H. Tiedemann, General partner of Tiedemann/Karlen Partners and adviser to The Nikko Securities Co. International, Inc. Mr. Tiedemann is the former president of Donaldson, Lufkin & Jenrette, Inc. and a former governor of the American Stock Exchange.

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ONE THING that U.S., Japanese and many European companies have in common is a growing base of pension assets that must be prudently managed. Where these companies differ is in how rapidly pension fund managers have diversified their portfolios internationally. From the Japanese perspective, the Europeans were the first to enter the Japanese securities market. And until recently, European money managers have almost monopolized—at an estimated 85 percent—the flow of institutional funds from Europe, the Middle East and even North America into Japanese equities. Last year alone, net purchases of Japanese equities by nonresidents amounted to approximately US\$4.4 billion.

The noteworthy trend during 1983, however, was the growing interest of American pension funds and other institutions in the Japanese stock market. The consensus seems to be that this trend should persist. What is your analysis of recent developments?

Tiedemann: As you imply, the dramatic growth of pension funds in both the United States and Japan has created an environment where money managers have been increasingly looking outside their national borders for investment opportunities. For many years the financial community has talked about investing globally and internationalizing markets. I believe that at long last it may now become a reality. U.S. investors have certainly learned that there have been many times when U.S. markets have been bad for an extended period, while other markets have been performing well.

observed the Japanese economy tend to ask "why now?" after the Japanese economy seems to have passed its period of peak growth. What do you think American and other international institutions see in the Japanese stock market?

Tiedemann: There are probably many investors who wish they had found the Japanese market several years ago. If they had, they certainly could have materially improved their performance.

In my judgment, the situation has not really changed all that much. The performance of the Japanese economy in recent years, measured in terms of real rates of growth, the ability to control inflation and other economic fundamentals, has compared very favorably to other economies. The only people seemingly still dissatisfied with the rates of Japan's economic expansion—the highest among the industrialized nations—are my Japanese friends.

My reading is that the flow of American pension funds into Japanese equities first and foremost indicates confidence in the Japanese economy and its prospects for growth. I think that investors are also pleased by the strengths of Japanese

companies, both the quality of management and the quality of earnings. Another factor is the liquidity of the stock market in Japan. With total capitalization of the market at over US\$500 billion—the second largest of any equities market in the world—and daily trading volume recently averaging US\$800 million, the Japanese market certainly has the liquidity that institutions require.

My own assessment of the situation is that investors are also taking a look at the region as a whole. Many analysts agree that Asia has some of the best growth prospects. Within the region, Japan is best positioned to act as a leader.



MUCH of what you have just said seems to have been equally true 10 years ago. In the meantime, of course, we have seen the yen emerge as a currency of settlement and even as a reserve currency, but have there been any other structural factors that have facilitated the growth of interest in Japanese equities?

Tiedemann: From the position of an American money manager, I think the situation has changed significantly. A decade ago the Japanese stock market was substantially smaller than the U.S. market. Many managers obviously thought it was too small. Another factor that has changed is the quality of research and the quantity of industry statistics available on Japanese companies. The companies themselves are doing a much better job of communicating with investors, including conforming with SEC-type financial reporting requirements. The firms providing investment research are also doing a better job of covering the lapanese market.

In this connection, we might also look back on the passage of ERISA almost 10 years ago. The impact of this legislation was to make investors fear they would be violating their fiduciary responsibilities or not living up to the "prudent man rule." The result was that many investors passed over the opportunities in the Japanese market. Now, with much better information, many managers feel more confident that they can make prudent investments in Japan. I for one think that the timing is ripe for further internationalization of

stock markets worldwide, and I expect to see more money flowing into Japan.

OBVIOUSLY the internationalization of securities markets is a multifaceted theme. You mentioned that better information is now available on Japanese companies compared with a decade ago. Back in 1974, the number of Japanese companies that had issued securities in international markets barely exceeded 30, but now the number is approaching 300. Of the 1,441 companies listed on the Tokyo Stock Exchange, foreign investors hold over 10 percent of the shares of approximately 300 companies. In total, nonresident investors hold 5 percent of all shares outstanding a significant figure considering the size of the float for many companies. A few managers are even pleasantly surprised that international investors have taken such a liking to shares of their company.

How does this situation compare with the United States, and do you feel that American firms are looking to raise capital internationally?

Tiedemann: To respond to your last point first, I feel that most managers, are encouraged that foreign investors have become large holders of their securities.

With Japan as the case in point, one can cite the growing interest of Japanese institutions—and even individuals—in American equities. These investors are also diversifying, and the securities industry is encouraging this growth. Nikko Securities and two other Japanese brokers are already members of the New York Stock Exchange. We have also recently seen a number of discussions between Japanese brokers and U.S. commercial banks regarding the establishment of joint venture trust companies. One obvious purpose is to interest more Japanese institutions in investing in the United States.

At the same time, U.S. securities firms have opened branches in Tokyo, many of them within the past two years, and several of their representative offices have applied for branch status. Their European counterparts have two branches and over 40 representative offices in Tokyo.

WHAT are your views on U.S. and other companies tapping the Japanese capital market?

Tiedemann: As background, let me say that an increasing number of American financial officers have developed a sophisticated understanding of international financial markets. They have put this understanding to work in financing inventories and expanding operations by tapping foreign markets at the most opportune moments. In addition, many corporate financial officers who oversee extensive foreign activities will use a number of currency hedging devices to reduce the risk of major currency fluctuations. There are still, however, a number of large corporations that have not taken the time or given the effort to developing the skills needed to take advantage of markets outside the United States. That includes

The Japanese market, however, does have a number of special features. Only a handful of foreign companies are listed on the Tokyo Stock Exchange, and the number has declined from a peak of 17 as recently as 1977 to only II companies at present. Listing regulations and costs are certainly a consideration but so is the level of interest among Japanese institutions. I expect this level to rise as fund managers increase the percentage of non-Japanese equities in their portfolios.

The market for debt securities is more of a regulatory issue. Although many firms would like to gain access to the Japanese bond market, the emphasis on collateral and other rather unusual regulations have discouraged them. It is in the interest of Japan to further open the bond market, and I am pleased there are signs of a move in this direction.

RECENTIAN it has been hard to speak about corporate finance without broaching the subject of venture capital. This a hot topic in Japan as well as in the United States. In the early 1970s, Japan experienced its first wave of venture capital as many securities companies and banks rushed to set up venture capital arms. Most of these were financing second- and third-phase companies rather than start-up situations. Then the oil crisis occurred, and the topic faded.

Now there is another wave of interest in venture capital, and the number of venture capital operations has more than doubled over the past two years. A growing volume of offshore funds is finding its way to new partnerships. The obvious attractions are the ability that Japanese companies have demonstrated in the high-technology field and the basic vitality of the Japanese economy.

The structural factors encouraging the recent boom in venture capital include the reduction of requirements for overthe-counter trading and the relaxing of what have been comparatively stringent listing requirements on the major exchanges. How does this situation in Japan compare with the United States?

Tiedemann: With the reduction of the rate of capital gains tax in the United States, interest in venture capital has increased dramatically. Over the last two years, several billion dollars have been raised by different professional groups to be used as venture capital—more than was outstanding just a decade ago.

It is an exciting, healthy trend for the United States to have such a large pool of capital available for entrepreneurs who wish to start new businesses. One risk is that there has been too much capital raised for the number of good new investment opportunities available, thereby reducing the rate of return to investors in the future. At this point, I think I would rather be the entrepreneur than the investor.

In my judgment, there should be the same venture capital opportunities in Japan as there are in the United States. In fact, I am optimistic about the Asian region as a whole. Venture capital is a relatively simple financing technique compared with the cumbersome mechanisms found in many developing nations. Looking at Japan alone, I think the real opportunities lie in the field of high technology.

Nikko Securities

Shin Tokyo Building, 3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo 100, Japan

London, Zurich, Geneva, Frankfurt, Luxembourg, Paris, Bahrain, New York, San Francisco, Los Angeles, Toronto, Hong Kong, Singapore, Sydney, Seoul

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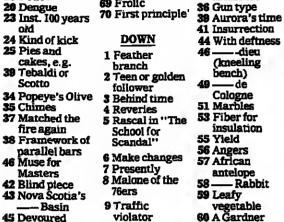
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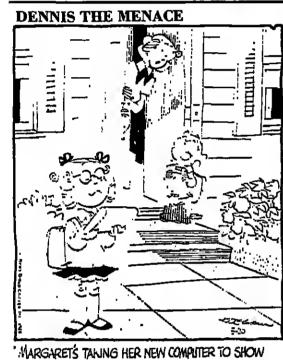
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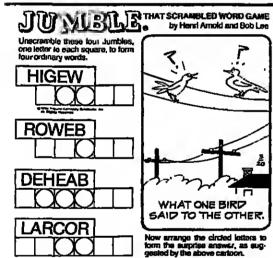
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PEANUTS Dear Brother Snoopy Life here on the seart is good.

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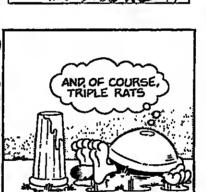








HIM



BOOKS

FLOODGATE

By Alistair MocLean, 369 pp. \$15,95. Doubleday, 245 Park Ave., New York, N.Y. 10167.

Reviewed by Joseph McLellan

TT IS almost impossible to read the latest opus by the prolific Alistair MacLean with-out thinking of the best-known lines of Wil-liam Butler Yeats's "The Second Coming": the passage beginning. "Things fall apart; the cen-tre cannot hold."

Things fall apart spectacularly in "Flood-gate," and mere anarchy is most assuredly loosed upon the world. But the most spectacular thiog in the book is its blood-dimmed odes. The story is set in and around Amsterdam. where Schiphol Airport is flooded by terrorists in the opening pages — converted into "Lake Schiphol." This is a prelude to a threat against the Netherlands, a nation specially vulnerable to terrorists who are willing to bomb a few strategically chosen dikes and dams.

The Haringvliet dam, for example: "the valve or the sluice gate of Holland," which holds back the North Sea, "The flooding, the damage and the deaths that would inevitably result from the destruction of the sluice gate of Holland were incalculable," MacLean observes, and he makes it easy to believe.

Harmgyliet is the ultimate target of terrorists in "Floodgate," but it comes as the climax of a series of bomb threats (and occasional bombings) that begin at the airport and in-clude a physically harmless but psychological-ly devastating explosion deep in the cellars of the royal palace. For the palace, where they were interested chiefly in emotional impact. the terrorists of the FFF (Fighters for Freedom) were satisfied with a small charge of conventional explosives. For Haringvliet, they oeed and obtain tactical ouclear weapons. The scenario has a chilling air of reality. Reading MacLean's dry, factual pages, one has oo skepticism about the problem, though one may be less coovinced by his solutions.

At the center of "Floodgate" is the "unre-markable figure" of Lieutenant Peter Van Effen, the senior detective in the Amsterdam police force, "an explosives expert and, for his sins, the head of the city's bomb-disposale squad." Van Effen is also a master of disguise. and an expert on the krakers, the colorful Amsterdam underworld where crime and conoterculture mingle in a conglomeration that includes drug pushers and gunrunners, as well as disenchanted youth, anti-everything students, flower men, hippies and squatters.

Van Effen has a variety of informants in this demimonde, including two detectives, and his skill at disguise allows him to move through this world undetected, more or less at will.

The book is most effective in its earliest sections, where it explores the possibilities of terrorism in an open, easygoing and vulnerable society. The FFF is much more imposing while it remains an enigma, a source of threatening messages and disastrous explosions, precisely predicted and eleverly calculated to make predicted and eleverly calculated to make a strong impression while minimizing human casualties. Its impact is a bit reduced as Van Effen and his colleagues begin to penetrate the FFF and discover its weaknesses. What Mac Lean has done, really, is to mingle the two genres of police — procedural and action — suspense novel, which usually have somewhat different plot requirements.

In the last few chapters, building up to the prospect of a nuclear explosion that can send Roodwaters racing across the Dutch landscape the vision embodied in this novel has cric dimensions, but MacLean spares his readers the ultimate degrees of terror.

By that time. Van Effen and his colleague, have the situation well to hand; they have outsmarted the terrorists (who turn out to be a rather ineffectual group except at staging me dia events), and the reader knows that the ouclear missiles poised to turn Holland into a sea have been neutralized, the hostages are safe though still held by the terrorists, and the outcome is not really in question. It is not so much that the book lacks a climactic structure but that many pages remaio after the clima has been reached.

These pages are worth reading for their as tailed working out of an intricate plot, but the would have been more exciting if the last tailed. would have been more exciting if the hero has been a shade less effective.

Joseph McLellan is on the stuff of The Wash

CHESS

By Robert Byrne

mest, most delicate of pretexts can be found to prompt a sacrifice of the exchange,

for a minor piece demanded N4, disruption of a castled position pawns in place to avoid weak-for a mating attack of the cre-nesses, might have been the ation of pawn weaknesses that best try.

could be exploited by powerful. Lehmann should not have direct initiative. It was a strata-

coocrete advantage. It can oc- nor piece play after 9 NxP. cur in the absence of any immeenemy position for the sake of rior mobility.

This is how it was employed by Edmar Mednis, a Queens 18 grandmaster, in his game with the West German international the white knight entry to the lose a piece, either by master Heinz Lehmann in the now undefended QB5 square.

Mednis could have transposed into a King's Indian Defense with 7 P-Q4 but chose to follow queen's flank strategy with 7 P-Q3 and 10 P-QN4.

In place of 14 R-K1 (to preserve the king bisbop by 14 . . . B-R6: 15 B-KR1)

Mednis had a new idea with 14

N-Q21? — to give up the exchange with 24 . . . RxN:

N-Q2!? — to give up the ex-cbange for a pawo with 25 PxR, QxP. Of course, after 14... B-R6; 15 BxP!?, BxR; 26 R-R1!. Q-B1; 27 Q-R3, 16 QxB. The white minor pieces could develop good play would be clear.

in this congested position, NOWADAYS the slim-mest most delicate of one whereas Black would not have After 17 B-N2, it was diffi-

cult to suggest a proper strategy for Black. Maybe 17 . . . N-Formerly the offer of a rook R2 followed by . . . N-. N-K3 and . . Pgross credentials such as the KB4, keeping the queenside

played 17 . . . P-Q4 unless he gem for winning a game.

Now, however, the exchange sacrifice is sometimes used as a could successfully burst open the center, after 18 Q-B1, with 18. PxP. but this would preparation for gaining future only have enhanced White's mi-

He probably could not have cur in the absence of any immediate target of attack in the held firm in the center with 18 QxN, R-BSch; 33 B-Bl, R-B? something as nebulous as supe- B2 followed by 20 Q-N3 puts native, 31 BxP, NxB; 32 P-N7 on great pressure.

The trouble. 18 . P-Q5, was that 19 about the outcome.

N/3-K4, NxN; 20 NxN gave After 37 R-N8, Black had a Berlin Open International Moreover, the white queeo 37 . . . N-R2; 38 Q-N7, Let bishop was not hampered but mann gave up.

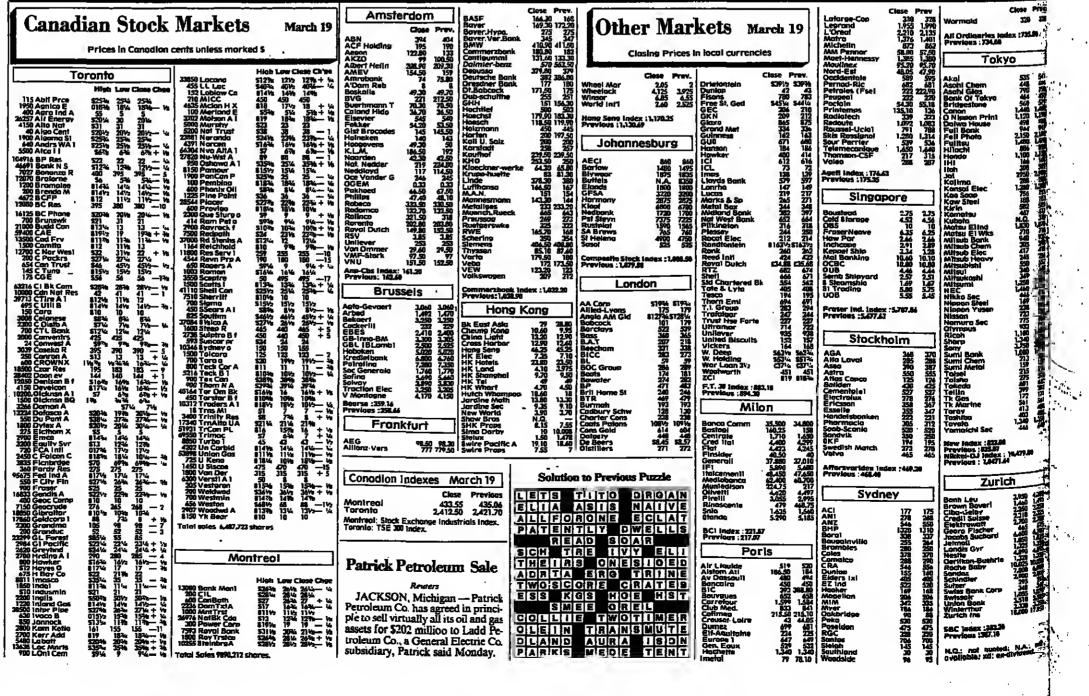


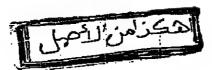
Instead, Lehmann lost bor the exchange and a pawn by 2. PxP?: 25 BxR. QxN: 3 R-R1, Q-K3; 27 PxP.

Mednis could have won R/1-R1 because 19 Q- 34 Q-R8ch. Of course his alter N-Q3: 33 PxR/Qch, winning after the exchange, left no doub

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SPORTS

Leorgetown Survives Scare From SMU

ULLMAN. Washington - But the Huskies came out in the over Arkansas. Othell Wilson of rick Ewing made a crucial tip-in second half with a half-court trapmissed free throw attempt with seconds left to help No. 2 Devils in the early minutes and the ball was deflected to Carlisle, orgetown defeat Southern allowed Washington to fight back who hit from 12 feet, shodist, 37-36, Sunday in an into a 45-45 tie with 16:28 left. AA West Regional game.

the second game, Washings all-conference forward Detlef rempf scored 30 points, includ-21 in a second-half Washington seback, to carry the Huskies t Duke, 80-78.

reorgetown fought back from a 16 halftime deficit by using a h man-to-man defense to limit U to just two points in the first 48 of the second half. After eading its offense midway rugh a second half dominated re by tactics than good play, the yas managed to build a 6-point

ut Southern Methodist began get the ball again to their big inside and fought back to a 34-tie with just 2:46. Ewing'a in of a missed free throw by regetown's Gene Smith broke deedlesh with just 51 seconds deadlock with just 51 seconds ation shot at the buzzer.

of the first half to take a 43-35 lead. shot gave Virginia a 53-51 victory **Wirginia Tech**, Pitt Advance ping defense that bothered the Blue blocked by Alvin Robertson but

Schrempf, a versatile 6-foot-9 West German, provided the offen-

NCAA TOURNAMENT

connected on a three-point play with just over eight minutes remaining to give Washington its biggest lead up to that point. 69-60.
With Washington spreading its offense out and slowing the game

down, Duke was able to close the gap over the final minutes, getting as close as 79-78 with 1:05 left. But a jumper from near the foul line by Tommy Amaker fell short with about eight seconds left and Duke ran ont of time.

East Regionals

fael Addison and a rugged man-to-man defense to blow by Virginia Commonwealth, 78-63, in East Reaining. Georgetown's Michael gional play in East Rutherford, son added an insurance free with only eight seconds that flash cards on the sidelines to signal its defense, pulled to within 59-57 with 6:33 left, but the Orangemen ran off 14 straight points.

Virginia had his shot from the side

Mideast Regionals

In Milwankee, Milt Wagner's sive spark in the second half. He spinning 12-footer with four seconds remaining carried Louisville pass a rallying Tulsa, 69-67. Lan-caster Gordon scored 14 of his 17 points in the first balf when Louisville surged to a 41-28 lead.

In the second game, Efrem Win-ters muscled inside for 12 points to spark Illinois over Villanova, 64-56. Villanova trailed, 49-45, with 2:03 left before Bruce Douglas sank seven free throws to wrap up the game for Illinois.

Midwest Regionals

Tyrone Corbin scored 20 points and Kenny Patterson and Dallas Comegvs added 14 each as DePaul defeated Illinois State, 75-61, in Syracuse used 24 points by Ra-Lincoln, Nebraska. "Tm happy," and Addison and a rugged man-to-said DePaul Coach Ray Meyer, who in his 42nd and last season of coaching. "I get to coach another

Kenny Green tossed in 20 points and Anthony Teachey addded 15 rebounds and 13 points as Wake Forest jumped to a 22-8 lead and then beld off Kansas, 69-59, in the n the other second-round conDuke outscored Washington,
So over the final seven minutes

In the opener, Rick Carlisle's second game. The Demon Deacons won the game with a 13-2 surge in the second half.

Virginia Tech and Pinsburgh advanced to the National Invitation Tournament quarterfinals after scoring victories Sunday, The Associated Press reported from

Greensboro, North Carolina. In the first game of the NIT doubleheader, clutch free throw shooting by George Allen and Billy Culbertson led Pittsburgh to a 66-63 victory over Florida State. Pittsburgh led by as many as eight points, but the Seminoles fought back to tie the score three times

down the stretch. In the second game, Al Young scored on a tap-in with three seconds left to give Virginia Tech a 68-66 victory over South Alabama.

East Regional Semificats
Thersday of Affacta
Syrocuse(22-8) vs. Virginia (19-11)
North Corollon (28-2) vs. Indiana (21-8)
Mideast Regional Semificats
Taursday of Lexington, Kestrucky
Maryland (24-7) vs. Littleda (25-4)
Kentucky (27-4) vs. Louisville (24-10)
Kentucky (27-4) vs. Louisville (24-10) Kennicky (274) vs. Louvine (24-0)

Aldwest Replaced Seculficals

Friday at St. Leets

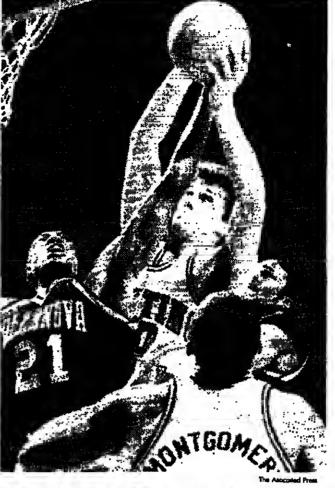
Houston (28-4) vs. Memphia State(28-4)

DePaul (27-2) vs. Water Forest (27-4)

West Replaced Seculficals

Pricing at Los Aspeles Dayton (20-10) vs Washington (24-4) Georgetown (28-3) vs. Nevodo-Les Visco NIT PLAYOFFS

Manday's Second Round nooga (246) at Tennasses(20-13) Whiter St. (22-8) of SW Louisions (21-8) Nebrosika (18-11) of Xavier, Ohio (21-10) Abanauette (17-12) of Michigan (27-10) Notre Dome (18-11) vs. Baston College (18-11)



Villanova's Harold Pressley, left, attempting to prevent a shot by Scott Meents of Illinois in a battle under the basket.

Murchison Agrees to Sell Cowboys for \$72 Million

By Michael Janofsky New York Times Service

HONOLULU - Clint Murchison, the owner of the Dallas Cowboys since their first season in the National Foothall League, 1960, has agreed to sell the team to a partnership of II Texans that includes Tex Schramm, the only gen-eral manager the team has had.

Details of the transaction were completed last week, hut the deal cannot be finished until the other 27 NFL owners vote to approve the sale. That vote, which requires a three-quarters majority (21 teams) approval, was expected to be conducted bere Monday, when the eague's annual meetings begin.

But the vote could come later in the week because, as of Sunday, league officials had not completed their review of the financial and personal background checks on each of the partners in the group. Pete Rozelle, the NFL commis-

sioner, said that league officials were still awaiting the arrival of some more papers." Even so, many league and club officials predicted that the owners would vote to approve the new group.

The sale price is helieved to be 572 million, which would make it the owners' meetings. The Associthe most money ever paid for an NFL franchise. The last team to be Colts' owner. Robert Irsay, has sold, the Denver Broncos, cost Ed-

\$35 million in 1981 when he purchased the team from Gerald H. and Allan R. Phipps.

But the new owners of the Cowboys are buying more than the team, which has been one of the league's glamour franchises since the 1970s. The deal also includes the remaining 65 years on the Cowboys' lease with Texas Stadium in Irving, Texas, and a large tract of land near the Dallas-Fort Worth

Airport. The new ownership is headed by H.R. "Burn" Bright. 63, who is the president of the board of regents at Texas A&M University. Bright, 63. will bold the majority interest in the club, about 17 percent, accord-ing to a league official familiar with the arrangements.

Schramm, who will own approximately 3 percent of the team, has been designated as the managing partner, and as such, will have full control over the daily operations of the eluh, as he has now. The other nine partners will hold the remaining but unequal shares.

■ Colts' Shift Possible

The Cowboys' sale may not be the only franchise discussions at gar F. Kaiser, Jr. approximately to either Indianapolis or Phoenix.

Iarathoners Take Contrasting Routes to Los Angeles Games

ith an Uneasy Truce With Fame, enoit Trains in Isolation of Maine

By Jane Leavy Washington Post Service REEPORT, Maine - Her eyes

slate hiue, the color of the steely ter ocean outside her window.

n Benoit's house sits on an icy
it just down the road from L.L. n, where there are no locks on doors and you can buy long lerwear 24 hours a day.

ivery morning. Benoit puts on woolen longjohns and runs. Iciching to her face. She runs on, ling the same snowy loops day a day. The only thing that wans is her mind. She thinks about wedding next September, about tting, cooking, the renovation of 150-year-old house. And she as up the pace because she realhow much she has to do. But er does she think about stop-

lere, in rugged isolation, away o the running communities re mileage is a form of curren-Benoit, the world record-holder got barriers. If you look down and ne marathon, has chosen to prefor the 1984 Olympics. This trange. "People think I'm an ity training up here," she said. onsider myself a perfectly nor-

Maine person." he smile was wry. The reason in Maine is that it's where I up," she said. "I'm very comable around the ocean. I find ocean is very much like my own sonality. I can be so calm and thing. Other times, I'm so tur-

VHL Standings

WALES CONFERENCE

WALES CONFERENCE
Portick Division
W L T Pts GF GA
* Islanders 43 26 2 92 220 256
shington 43 26 5 91 262 216
Hodelphia 30 25 10 86 311 266
Rongers 33 24 9 85 286 27
Jersey 17 48 7 41 217 311
burgh 15 52 6 36 236 353

-messaer 2 (33); Victo (6), McKonna) 197. Ney (39); lebec S. Minnesota 5 | Source) 8), McKeo-C11. A. Stastmi (21), Giffs (2), F. Stostmi I. Landar (9), Roberts (7), Piett 113). Re 2 (271).

USFL Standings

EASTERN CONFERENCE

WESTERN CONFERENCE

Centrel

-Pucific

bulent and riled up. People get the impression I'm a hermit up here. I'm not, I'm surrounded by friends who accept me for who I am and not what I've accomplished in run-

ning."
Last April, she won the Boston marathon in 2 hours 22 minutes 42 seconds — three minutes faster than than the previous women's

worldbest time for the distance. She has not run a marathon since, eschewing the World Championship last summer in Helsinki and a confrontation with Grete Waitz, and will not run another until the Olympic trials in May. There are only so many marathons in her 5-foot-3, 105-pound (1.60-meter, 47.6-kilo) body, she says.

That morning last April, when she stepped to the starting line, she brazenly handed ber split watch to er trainer, Bob Severny, "She didn't want any barriers," Severny said. "If you got a watch, you've you see 32 minutes at 10 kilome-

ters, you're going to think, 'Oh, my God, I'm going too fast." After she won in Boston in 1979.

what she must to accommodate it, but mostly she does it alone. "I think running is my challenge," she said. "It wouldn't be as large a challenge if I involved other peo-

NBA Standings

L. Drew 21; Huston 18; Shefton 141.
Son Antonio 146. Son Diego 135 (Gervin 42,
Mitchell 30; Nizzo 27, Smilh 23, Cumminos
231.
Seottle 124, Golden Stale 99 (Williams 23,
Chambers 15; Corroll 24, Johnson 141.

Exhibition Baseball

Transition

Signed Bob Grups, punter.
PITTSBURGH—Cut Mork Udinski, center,
WOCKEY

Washington Receive Leave Washington Received Lou Frances-cherti, right wing, from Hershey of the Ameri-

head tootball coach.
TEXAS LUTHERAN—Hamed Vernon
Fewell, head tootball coach, aithletic director.

con Nothey Leggue.

EASTERM CONFERENCE
Attentic

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Southern

T Note of the product of the

Joan Benoit an '83 victory smile in Boston.

But after the victory in Boston, she bired a lawyer, Ed Whittemore, to handle the requests. Whittemore says she since has turned down about \$200,000 in endorsements.

Her marketability (potential long-term deals), her upcoming marriage and her delicate Achilles'

challenge if I involved other people. I get advice. But it's not like
they're monitoring me. I swore up
and down I'd never get an agent."

She tonsidered retring in 1942,
when she had surgery on her Abdiless teodons. She would rather quit
early than leave as a cripple.
She thinks about graduate school
in environmental studies, a concern

coached the women's distance team at Boston University until last June.

People think she is crazy to ski. She tells them running on icy back roads is far more dangerous. But it was a skiing accident in her sopho-Her training schedule includes twice daily runs and splitting wood. idea."

smog in Los Angeles will be condu-cive to a tactical race, not a record. How one prepares to win counts as "I don't know how much faster I much. can get," she said. "Maybe we'll never know. I may not be competing that hard after the next year."

She has finished every marathon she ever started. She has never quit because I did everything. He then because I did everything. He then because I did everything. He then because I did everything. in the middle of a training run, never walked in. It is a methodical,

great run.
"I know I'll be in trouble the first time I give in. I've been entertaining the thought more and more the thought more and more the state of the state

Seko Strives for Success Through Nakamura's Tutelage

possible

He is also a gruff 70-year-old with a lived-in face, slick hair, a commanding presence and an ea-gemess to talk about himself. The younger man is Toshihiko Seko, and he is the one who will

nine races over the last seven years. Japan's participation in the U.S.sponsored boycott kept him out of

apostles."

of quotations from the Bible, the Book of Zen and the Buddha's

of tobacco, liquor, the opposite sex and the ample pleasures of this neon-inflamed city.

"Coach and runner are not two more year in high school that start- separate individuals but should be ed her running career. "I always wanted to make it to the level I am in running in skiing," she said. "I started running to get back into shape for skiing I just loved it."

Her training relative in the started running to get back into shape for skiing I just loved it."

Her training relative in the started running to get back into shape for skiing I just loved it." same time, one. It is an Oriental

It also involves a distinctly Japa-She is committed to at least one or one of the state of t spring.

Severny has no doubt that she can break 2:20. But he says it will not happen this year. At the trials, she will be concerned only with making the team. The heat and smoot in Los Angeles will be access. ning is supposed to be everything in the United States, it is only one element of many for Nakamura.

> agrees. "I have dedicated every-thing to the race." Seko said. "If I looked to Nakamura, sitting alongside. Seko calls his coach sensei. The word means teacher. It can A-AMERICAN

zero and the wind was in my face, I among Westerners, that Seko is lithad icicles all over my face and my fingers were curled inside my mittens and I said I better not stop. I chine. The complaint, dismissed by turned out of the wind and it was a shared by some Japanese.

five years ago. In the Sometimes, I feel I need a mask."
marathon, only Alberto Salazar of That observation was one of his the United States, Robert de Caslonger ones. Seko tends to defer to tella and Derek Clayton, both of his sensei - not that he has much Australia, have faster times.

race, he trailed Salazar and Juma ikangaa of Tanzania, hut sprinted hard for the last 150 yards or so to ner in his own right during the beat out Ikangaa by three seconds. Salazar faded to fifth place. Both he and Ikangaa are expected to be among Seko's principal rivals at Los Angeles, along with de Castella and Kebede Balcha of Ethiopia.

"If it's neck and neck at the end, it probably will be Seko," said Allan Steinfeld, coordinator of the

New York City Marathon. Fukuoka was Scko's last race, the 1980 Moscow Games. Now, be and he will not run in another until has made Los Angeles his crucible. Los Angeles. He is careful about The older man is Kiyoshi Naka: his schedule, a wariness bred of a

says, "but completely different Los Angeles are bad, but it's worse who are barking that I am a fanatfrom American coaches. I am a bere in Tokyo," Seko said with a ic," be said.

That observation was one of his

choice. In the interview, Nakamura Seko's main strength is a capaci- broke in to answer almost every ty for spurts of uncommon speed, question that was directed to his which he showed to advantage last student. When you ask of Seko, it December in the marathon at Fu- is the same as a question to Nakakuoka, Japan. For almost the entire mura," be said in one of many tuird-person references to himself. Nakamura was a prominent run-

1930s, holding for many years the Japanese record for 1,500 meters, He started coaching fulltime in the mid-1970s. Technically, he is on the staff of Waseda University in Tokyo, but he basically operates on

It is Nakamura's conviction that, like other Japanese track stars, Seko is "physically inferior to Western runners." The pupil thus needs tolstering, which the coach believes he provides with his own personal magnetism and a sicady supply of Zen and Biblical apbo-

"I am not just the runner's coaakin to saving that Horowitz makes - a period he refers to as "God's God's sayings and, at the same

Some regard all this as fanatical

SPORTS BRIEFS

China Hints It Will Join in '88 Games

BELITNG (Combined Dispatches) - Communist Party leader Hu Yaobang bas given the firmest hint to date that China would send n team to the 1988 Summer Olympics in South Korea, according to a visiting Japanese delegation. China and South Korea do not have diplomatic relations, but they are rapidly establishing sport contacts.

Hu told Masayoshi Ito, Japan's former foreign minister, that China had already decided to participate in international sports meetings according to international rules, the Japanese diplomats said.

"China has told North Korea about this policy." Hu was quoted by the apanese as saying Sunday. North Korea plans to boycott the Games rather than send athletes to rival South Korea.

China's participation in the 1988 Olympics would almost certainly be preceded by its participation in the 1986 Asian Games, which will also be beld in South Korea, diplomatie sources said. China has made no official

announcement on its participation in the Seoul Olympics. (Reuters, AP) 2 Horses Die in Spill at U.S. Track

ARCADIA, California (Combined Dispatches) - One horse died and another was destroyed Sunday in the accident-marred Santa Ana Handicap at Santa Anita. Avigaition, who escaped the accident on the club-house turn, rallied to win the race by 2\% lengths over Pride of Rosewood. High Haven, a 5-year-old mare who had won almost \$200,000. broke a foreleg on the first turn and fell. Royal Heroine and Sweet Diane

stumbled over the fallen borses, spilling their jockeys. High Heaven had to be destroyed because of the extent of her injuries. Sweet Diane, a 4-year-old filly with \$268,000 in career earnings, broke her-neck upon impact with the turf and died instantly. The other borse involved, Royal Heroine, had only scratches. But Fernando Toro, riding Royal Heroine, suffered lacerations and a concussion. (AP, LAT)

ch. But to say that he trains Seko is thon, It took Seko almost two years ch," he said, "but a messenger of the Haronitz makes —a period he refers to as "God's God's cavings and at the same Kock Beats Burns in Golf Playoff

akin to saying that Horowitz makes
a bring by pounding ivory keys—
true but inadequate. Actually, he
says, he is Seko.
Nakamura presides over a stable
Nakamura presides over a stable

To connect including some of

Nakamura presides over a stable

For the Otympics he is netting.

God's sayings and, at the same
time, his father, master, friend, sister and comrade. In a sense, our
relationship is just like Jesus and
which he won with his fastest time.

For the Otympics he is netting.

For the Otympics he is netting.

For the Otympics he is netting.

to capture the Bay Hill Classie over George Burns, who had a 5-foot birdie putt rim the cup just before Koch tapped in the winner.

Koch and Burns, with a final round 67, finished the 72 boles of regulation at 12-under-par 272. Koch's 63, with three birdies on the front nine and five on the back side, was one off the course record set by Andy

Bean in 1981 and Greg Norman in the second round on Friday.

Bernhard Langer of West Germany, shot a 5-under 66 Sunday and behavior, and on this point; Naka"I am a coach of athletes." behavior, and on this point; Naka"Some say the exhaust fumes in mura lost patience." It's only losers round leader, was next with a 1-over 72 for a 275. Norman ended with a round leader, was next with a 1-over 72 for a 275. Norman ended with a strange round that included an eagle, two birdies, four bogeys and a double-bogey for a 73 and a sixth place finish with 277.

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Benoit said she would never run a marathon again. "Everyone want- ed another piece of me. If I didn't the pieces are there, but she has give it to them, I was terrible. It was a huge maturing process for me."

At age 26, she has reached an belong.

"I'll always run," she said. "How a huge maturing process for me."
At age 26, she has reached an uneasy truce with fame. She does long I compete at the rate I'm com-

peting won't be much longer. I may compete three years or five years or 10. I may have a family and come back." She considered retiring in 1982,

born from ber running. Her fiance, Scott Samuelson, is applying to business school, which could mean a move back to Boston, where she

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WESTERN CONFERENCE She has taken up cross-country skiing. "People ask me if L.A. doesn't work out, would I hang around for Seoul?" she said. "I tell them my aspirations are more to Calgary [the site of the 1988 Winter Olympics]. I'm not being facetions at all. I'd like to switch to crosscountry."

compulsive process. "Every once in a while, there's a moment of joy, and that's what I do it for," she said. "This morning, it was blow has led to criticism, especially appears that Saka is lit.

FOOTBALL
United States Featball Leabur
LOS ANGELES—Signed Kevin Mack. runtaskle.
NEW JERSEY—Cut Tim Cutts. punter. ing the thought more and more and weighs 135 pounds (61 kilos) and weighs 135 pounds (61 kilos) st. MARY'S, CALLE-Normed Jim Deluce book toothor cooch.

TEXAS LUTHERAN—Homed Verson Femal benefit tooch, athletic director.

TEXAS LUTHERAN—Homed Verson could be start running my best."

TEXAS LUTHERAN—Homed Verson could be start running my best."

he lost to Bill Rodgers in Boston laugh. "The cars bere are bad. By Clyde Haberman

New York Times Service TOKYO - The best marathon man in Japan and possibly the world is a sleek 27-year-old with hawklike features, a bristling crew cut, a pleasant manner and a disposition to utter as few words as

actually be running Aug. 12 at the Olympic Summer Games in Los Angeles. Holder of the fourth-fastest marathon time ever -2 bours 8 minutes 39 seconds - Seko has not lost since 1979. He also has not been tested often, having run only

mura, and in a sense be will be out tradency to suffer injury, locluding there on the Olympie course as a seriously damaged right knee af-much as the runner. He is the coa-ter he won the 1981 Boston Mara-

of 100 runners, including some of Japan's best, but none who stands out more than Seko. According to Nakamura, his relationship with all outs. He and Nakamura also visits outs. When the stands of the students betray me. I myself have betrayed God tens of thousands of times. But I forgive them, and pursue the goal." of them is "just like Jesus and his ed Los Angeles in January to study

What he develops he says, is far more than pairs of fast-pumping legs. He builds for his runners a spiritual framework, a philosophy that emphasizes dedication and rig-or and that is shaped with a stream

teachings. Nakamura's athletes study as much as they run. And they listen to him talk even more than they study. Eight of them, including Seko, live in apartments behind the coach's house in Tokyo's Sendagaya section. They take their meals in the house and spend much of their free time there, staying clear

His No. I disciple hardly dis-

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Campaign MOMENTUM

WASHINGTON — The group the machine.

A runner w Advertising Agency was ushered into Senator Dimblebutton's office. They were there to get the account for Senator Dimblebutton's political race.

"Senator," said the vice president of AA&S. "we've worked on a campaign that is going to knock your eyes out."
The AA&S creative VP said.

"We're going to give you something that your opponent doesn't

have.' Two flunkies

set up an easel and put a large white sign covered by a cloth on it.
"Get ready for this, Senator." a VP said.

The cloth was Buchwald pulled off. There was one large word. "MOMENTUM." The advertising men all looked at the senator for his reaction.

'That's it?" the senator asked. "What do you mean, that's it? This is going to get you re-elected for the next six years. Our research people have been working on this campaign for six months. The one thing they discovered that every voter in your state wanted was momentum. No candidate who has ever run for public office ever lost a race if be had it, and no candidate has ever won if he lost it."

"How do I get momentum?" the senator wanted to know.

"That's our job. We'll run commercials, plaster billboards and in Iowa and New Hampshire no place newspaper ads, and every one one knew he was in the race. But 'Big Mo."

But where's the beef?" proposed TV commercial, Harry."

Temple Found in Kabul

The Associated Press ISLAMABAD. Pakistan — Archaeologists in Afghanistan have unearthed a "majestic" 1,600-year-old Buddhist temple in Kabul, the Soviet Embassy in Pakistan reported. The site, at the capital's Maranj Hill, also yielded terracotta statues and bronze and copper coins, the embassy said in a daily report.

Harry inserted a videotape into A runner wearing a hig "M" on ton and I'm running for a third term. If I am re-elected I will give

state something it has never had before — momentum." The jogger started to speed up and passed a car with a driver who looked exactly like Dimhlehutton's opponent, and as the TV commer-cial ended, Dimblebutton was 50 yards ahead of his opponent. "tı says it all in 30 seconds," the VP said.

"Don't you want me to do any TV commercials stating where stand on unemployment, the Soviet threat, and how the big interests are taking over the country?"

"You'd be wasting your money. The only thing the voter is interest-ed in is a candidate's momentum. If he has it they want to he on his side because America likes winners."

"I see your point," the senator said. "But aren't we putting all our eggs in one basket with a momentum campaign? Couldn't we have some backup commercials emphasizing my charisma?"
"Charisma is old hat. Look what

it did to John Glenn. This is new, this is fresh, and if you don't mind my saying so, sir, with your voting record, momentum is the only thing you've got going for you."

It's not just the advertising campaign that will put you over," a VP said. "The media is crazy about a candidate who has momentum. Look at Gary Hart. Before he ran of them will say that you have the Big Mo."

after those victories, the press could talk about nothing but Hart's 'M Spot.' How did the political "Show him the videotape of a pundits explain it? Very simply, oposed TV commercial, Harry," They said Hart had momentum and Mondale lost it."

> "Okay, you persuaded me," the senator said, "How much will it cost me?" Ten million dollars, including

the jogging suit."
"That's a lot of money." "Senator, that's the beauty of momentum. Once the lobbyists think you have it, the campaign money starts dropping from the

Yuri Lyubimov

Totally Absurd, Something Out of Kafka'

By R.W. Apple Jr. New York Times Service

I ONDON — Yuri Lyubimov. the Russian director who was dismissed from his post as head of the Taganka Theater in Moscow earlier this month, said that his downfall had resulted in part from the death of Yuri V. Andropov, who had often shielded him from the wrath of Soviet

cultural watchdogs.

Lyubimov added that he was "quite sure" he would soon lose his membership in the Commu-nist Party and his Soviet citizen-

ship.
But he vowed that he would never ask for political asylum while he had any choice in the matter, because that would sim-ply justify the actions of the cultural bureaucrats - the chinovniki, he called them, using the czarist term for high-ranking civil servants — who had always ac-cused him of being ann-Soviet.

"They have thrown me out of the theater I created," said Lyubimov, an animated man with lank silver hair, darting eyes, and the profile of a falcon. They have taken away the most precious thing I had -the chance to carry on with 20 years' work. How dare they? No foreign enemy, no mat-ter bow much he hated Russia, could possibly do the damage to our culture that these stupid little men have done."

All during his career, the direc-tor has lived at the dangerous edge of official tolerance, often challenging stated cultural doc-trine and surviving through appeals to ranking Soviet politi-cians, Both Leonid I. Brezhnev and Andropov had intervened on his behalf during their terms as Soviet president, he said, and he ascribed his downfall to Andropov's illness and death.

Ahout 17 years ago, Lyubimov said, he auditioned Andropov's son and daughter, both of whom wanted to join the Taganka company. He sent them away, telling them that they should complete their manual transfer and the should be should university studies before deciding

Years later, when Andropov beaded the KGB, Lyubimov appealed to him for help, and Ansilent?" The banned Taganka dropov agreed to see him. Andro-pov began by saying. "I have to hoyar, out of costume, descend



Director lays his dismissal in part to Andropov's death.

thank you as a father, because you convinced my children of something my wife and I could not." He cleared the way for one performance of Lyubimov's production about his protege, Vladi-mir Vysotsky, the balladeer who died in 1980 at the age of 42, such a popular hero that 30,000 people

attended his funeral. But when Andropov became ill after succeeding Brezhnev, the di-rector continued, things changed. Andropov's rival, Konstantin U. Chernenko, made a speech attacking liberal intellectuals, and the Taganka was refused permission to put on either the satirical play "Alive" or Pushkin's "Boris Godunov," on which Mussorgsky based his opera, and it was also forbidden to stage further perfor-

mances of the Vysotsky play. Typically, Lyubimov had ined a note of topicality into the Pushkin drama, in which a boyar reproaches the Russian masses

REAL ESTATE

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GREAT BRITAIN

into the audience at the final curtain and asking the same ques-

under such circumstances. Then, he gave an interview discussing his problems to The Times of London while he was in this country directing his acclaimed version of "Crime and Punish-ment" at the Lyric Theater in Hammersmith. It won awards as the best play of the year in 1983.

It was a gamble, the 66-yearold director confessed, and he lost. He named the villains of the piece as Viktor V. Grishin, 69, the hard-line head of the Moscow party and a Politburo member: Pyotr N. Demichev, 66, the minister of culture, a former chemical engineer whom he decribed as "an incompetent fool"; and Mikhail V. Zimyanin, 69, a member of the party secretariat who plays He referred to Zimvanin repeat-edly as "the little Goebbels."

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his wife Katalin, a Hungarian who lost her job as a journalist in Budapest as soon as he was dismissed, and their 4-year-old son, Pyotr. None of them speaks any English, and he speaks only a few words of Italian and German. They have little money but many friends in the West, and they plan to live at least part of the time in an apartment here made available by Mstislay Rostropovich, the cellist and conductor. the ceilist and conductor.

Cultural Politics in the Soviet Union Are

There are plenty of offers of work, chiefly in the world's major opera houses, and there will no doubt be many more; leading European critics have referred to Lyubimov in recent days as the world's foremost director. He will direct "Rigoletto" at

the Maggio Musicale in Florence this spring, and he has been asked to stage Berg's "Lulu," which he did in Turin last year. But he must settle down somewhere so that Pyotr can begin his educa-He will probably stay here, be-

cause he likes London, because English actors such as Sir John Gielgud have befriended him, and because he thinks that British schools are good. He hopes to learn English. In the course of a long conver-

sation, ebullience occasionally broke through his somber mood, At a meeting last summer, the director told the cultural authorities that he could no longer work about the Japanese, he pulled his eves into slits with his fingers. His hands zoomed about as he spoke in rapid-fire Russian, be often shrugged theatrically, and he did a perfect imitation of Brezhnev's deep, slurred speech.
But the bitterness also showed

Cultural politics in the Soviet Union, Lyubimov said, are "totally absurd, something out of Kafka, Chinese in their complexity." Asked what he thought of the Communist Party to which he still belongs, he repeated a favorite comment — that his politics came from Dostoyevsky and the

Then be added: "I think the same thing about the party that you do. There are two characters in a Russian novel. One of them a major role in cultural affairs.
He referred to Zimyanin repeatedly as "the little Goebbels."

says. "The party has two wings, you know. The other replies, edly as "the little Goebbels."

Yes. I wish it would use them. Now Lyubimov finds himself take off like a bird and fly shut off from his homeland with straight to hell."

PEOPLE

Successor to Maazel

Claus Helmat Drese will become director of the Vienna State Opera for the 1986-87 season, replacing Lorin Manzel, it was announced Monday. Manzel said last week that he would step down, following expressions of government displeasure with the way he had been torship during a radio program in 1980. pleasure with the way he had been handling his duties. Helmut Zilk, minister of education and the arts, said that he hoped Maazel would agree to frequent conducting en-gagements under Drese, now the head of Zurich's opera house.

A leading Chinese poet, Ai Qing, 74, is to have his long-suppressed first novel published, the official news agency Xinhua reported. Ai was labeled a "rightist" in Muo Zedong's crackdown of 1957 in which be promised to let "a hundred flowers bloom and a hundred schools of thought contend." but then punished those who criticized his policies. In 1959 the poet was sent to the remote northwest region of Xinjiang where he wrote most of his novel, "Notes on the Oasis," between 1961-1966, Xinhua said. Then came the 1966-76 Cultural Revolution. Ai's manuscript was scized in 1966 and returned to him in 1968, the agency reported. He completed it in recent years, the report said, and its first chapter has appeared in the current issue of a Xinjiang literary magazine. The full novel will he published in September. It consists of 30 self-contained stories about the struggles of the pioneers who tamed desert-like Xinjiang. Ai Qing achieved fame with his first long poem, "Dayan River — My Nurse," in 1932, after returning to China from France. where he studied painting.

Robert E. Mulholland, who in 23 years rose from newswriter for method to avoid "sinful natur NBC News in Chicago to president and chief operating officer of National Broadcasting Co., resigned the posts he has held since July 1981. Mulholland gave no reason for his action.

The Greek composer Manos said, "Man's sinful nature is-Hadzidakis, who wrote the Acade- cause of war. Can we, in fact, se my Award-winning music for the God while we go about our tent 1960 film "Never on Sunday," was rai duties in military uniform sentenced to five months in jail for General Vessey asked, "Yes,"

Claus Helmit Drese will become sentence, handed down two year

W: Off

. . . .

عرب بارا

1980. Luciano Pavarotti will give a concert in Madison Square Garden (
Aug. 16. Pavarotti will be the furclassical musician to give a concern the 19,968-scat Garden at 3. Street. Assisted by an orchest and electronic amplification.

will sing arias and Italian songs.

The Explorers Club defend serving lion hors d'oeuvres a hippopotamus meat at its anni dinner and said it would not m Britain's Prince Philip as a me ber. The prince, an honorary me ber of the New York-based d since 1978, quit when he said learned the explorers are bon a hippo at last year's annual dim The prince is president of a World Wildlife Fund. Buckingh palace announced his resignati from the club last week. A d spokesman said its tradition serving exotic hors d'oeuvres wo continue. This year, dinner will clude huttered sea urchins will main course of breast of pheasa Jay Headly, club media chairm said the club understood the prir was "an avid pheasant and get hunter. Perhaps he could send u few pheasant for our dinner."

п The chairman of the U.S. Jo Chiefs of Staff says religious pen should consider military duty a General John Vessey Jr., the Ur ed States' top military offic spoke to a military breakfast sp sored by the Full Gospel Busin Men's Fellowship International San Antonio, Texas, Commenton debates over the morality military service, General Ves calling music critics "pigs," an Athens court spokesman reported. He said Hadzidakis's appeal of the said strong."

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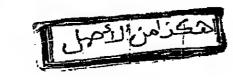
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